CITY OF DESOTO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Prepared by the

FINANCIAL SERVICES DEPARTMENT

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CITY MANAGER

Brandon Wright

CITY COUNCIL

Rachel Proctor, Mayor

Kay Brown-Patrick, Council Member
Nicole Raphiel, Council Member
André Byrd, Mayor Pro Tem
Dinah Marks, Council Member
Crystal Chism, Council Member
Letitia Hughes, Council Member

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FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

CITY OF DESOTO, TEXAS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	i – iii
Organizational Chart	iv
City Officials	v
FINANCIAL SECTION	
Independent Auditor's Report	1 – 2
Management Discussion and Analysis	3 – 11
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	12 – 13
Statement of Activities	14 – 15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16 – 17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19 – 20
Reconciliation of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	21
Proprietary Funds:	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24
Fiduciary Fund:	
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	27 – 55

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual 56

Notes to Required Supplementary Information 57

Schedule of Changes in Net Pension Liability and Related Ratios Texas Municipal Retirement System ..... 58 – 59

Schedule of City Contributions Texas Municipal Retirement System ..... 60 – 61

Schedule of Changes in Total OPEB Liability and Related Ratios 62

Combining Statements and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds ..... 63 – 65

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds ..... 66 – 68

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund – Budget and Actual 69

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Regional Jail Fund – Budget and Actual 70

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Fund – Budget and Actual 71

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Police-Seized Fund – Budget and Actual 72

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Police Grants Fund – Budget and Actual 73

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Hotel Occupancy Tax Fund – Budget and Actual 74

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Health Facilities Development Corporation Fund – Budget and Actual .. 75

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Housing Finance Corporation Fund – Budget and Actual 76

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Industrial Development Corporation Fund – Budget and Actual 77

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Community Development Block Grant Fund – Budget and Actual 78

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Parks Capital Improvement Fund – Budget and Actual 79

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Street Improvement Fund – Budget and Actual 80

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Public Facilities Capital Improvement Fund – Capital Projects Fund - Budget and Actual 81

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Fire Station Bond Project Fund – Capital Projects Fund - Budget and Actual 82

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Park Improvement Fund – Capital Projects Fund - Budget and Actual 83

Schedule of Revenues, Expenditures, and Changes in Fund Balance – City Improvement Fund – Capital Projects Fund - Budget and Actual 84

Discretely Presented Component Units Fund Financial Statements

Balance Sheets 85

Reconciliation of the Discretely Presented Component Units Balance Sheet to the Statement of Net Position 86

Statements of Revenues, Expenditures and Changes in Fund Balances 87

Reconciliation of Revenues, Expenditures and Changes In Fund Balances of Discretely Presented Component Units to the Statement of Activities 88

STATISTICAL SECTION

	Table	
Net Position, by Component	1	89 – 90
Change in Net Position	2	91 – 94
Fund Balances of Governmental Funds	3	95 – 96
Changes in Fund Balances, Governmental Funds	4	97 – 98
Assessed Value and Estimated Actual Value	5	99
Direct and Overlapping Property Tax Rates	6	100 – 101
Property Tax Levies and Collections	7	102
Principal Property Taxpayers	8	103 – 104
Ratios of Outstanding Debt by Type	9	105 – 106
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	10	107 – 108
Direct and Overlapping Governmental Activities Debt	11	109
Computation of Legal Debt Margin	12	110 – 111
Demographic and Economic Statistics	13	112 – 113
Principal Employers	14	114
Full-Time Equivalent City Government Employees by Function/ Program	15	115 – 116
Operating Indicators by Function/ Program	16	117 – 118
Capital Asset Statistics by Function/ Program	17	119 – 120

INTRODUCTORY SECTION

City of DeSoto

March 23, 2022

To the Citizens of the
City of DeSoto, Texas

In accordance with State Law, municipalities are required to publish a complete set of audited financial statements with an opinion. Accordingly, these documents must be submitted within six (6) months after the end of any given fiscal year (FY). This detailed report fulfills that requirement for the FY ended Monday, September 30, 2021.

Management assumes full responsibility for the completeness and reliability of information contained within this report, which is based upon a comprehensive framework of internal controls that were established for this purpose. The costs associated with implementing these internal controls should not exceed its anticipated benefits. In particular, the overall objective is to provide a reader with reasonable and not absolute assurance that all financial statements are free of material misstatements.

At the conclusion of the FY that ended on Wednesday September 30, 2021, Pattillo, Brown & Hill, LLP, Certified Public Accountants issued the City of DeSoto an unmodified ("clean") opinion. This independent auditor's report can be found at the front of the financial section of this document.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report that includes a narrative introduction, overview, and an analysis of basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the entire document to ensure complete understanding.

Profile

Located in the Best Southwest region of Dallas County, the City of DeSoto is in close proximity to downtown Dallas and has a total area that covers 21.6 square miles. In 2021, it was estimated that the City of DeSoto had 56,145 residents. This growing community has access to three (3) major thoroughfares, I-35 (eastern border), Highway 67 (western border) and I-20 (northern border).

As a political subdivision and municipal corporation of the State, the City of DeSoto adopted a home rule charter that serves as its governing document regarding local issues. This enabled the residents to establish a Council/Manager form of government. The policy-making body is comprised of six (6) Council members and a Mayor. These elected officials enact local legislation and adopt annual budgets. They are also responsible for appointing the City Secretary, City Attorney, City Manager and Judge.

The City Manager serves as the Chief Administrative Officer and is responsible for managing all municipal operations. Major services provided under general government and enterprise functions are: public safety (police and fire), street maintenance, water and sewer service, parks and recreation, library, and general administrative services.

Accounting System and Budgetary Control

The financial accounting system serves as a means to ensure that there are adequate internal controls. Internal controls provide a reasonable level of assurance with regard to safeguarding assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing statements and asset accountability.

The accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable. Once services or goods are received and the liabilities have been incurred, expenditures are then recorded. Accounting records for enterprise activities are maintained on an accrual basis.

Government-wide financial statements are prepared using the accrual basis of accounting, as well as the economic resources measurement focus. In particular, these statements do not provide information by fund. It is separated by activities associated with governmental, business-type, discretely presented component units on statements for net assets and activities.

Budgetary Controls - During the preliminary budget process, proposed revenues and expenditures for each department are thoroughly analyzed by two departments: Financial Services and Administration. At the conclusion of these departmental reviews, management provides City Council with a copy of the final documents. In accordance with the City Charter, the City Council must adopt a budget ten (10) days in advance of a new fiscal year.

The overall objective for having these budgetary controls is to ensure compliance with legal provisions. Activities of the general fund (GF), water and sewer fund, and all other funds are included in the annual budget. The level of budgetary controls (the level that expenditures cannot legally exceed its appropriated amounts) is established by departments within its individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council.

Relevant Financial Policies

By policy, the annually adopted FY budget must be balanced, with appropriate fund reserves. At the close of FY 2021, the GF fund balance of $27,223,282 (approximately 57% of annual operating expenditures) exceeded the minimum reserve requirement of 25%.

Every FY, the City utilizes its long-range planning policy to project future revenues and expenditures. This process enables the City to identify potential deficits and opportunities for financial growth over a two (2) year period. For illustration purposes, the FY2022 planning and FY2021 budgets were prepared in collaboration with one another.

The investment policy was established to minimize credit and market risks. It is updated and reauthorized on an annual basis by the City Council in compliance with the Texas Public Funds Investment Act.

The investment policy was established with objectives consistent with state and local laws. Investments follow the hierarchy to preserve capital, safety of principal and security of invested funds; maintenance of sufficient liquidity to meet operating goals; diversification of investments to avoid unreasonable or avoidable risks; insurance of public trust; and optimization of return on the portfolio.

Cash management is the process of managing currency in order to ensure maximum availability and optimum yield on short-term investments of idle funds. An aggressive cash management program that is consistent with this Investment Policy will provide investment interest as revenue for all operating and capital funds. The portfolio is designed and managed in a manner responsive to the public trust. Earnings from investments are used in a manner that best serves the City.

Local Economy

Major businesses within the municipal limits of DeSoto include distribution, retail, healthcare, grocery, manufacturing, transportation and e-commerce. Desoto's large businesses (>100 employees) employ over 5,000 people. Civilian employment was estimated at approximately 28,162. The unemployment rate as of September 2021 was 6.8%, slightly above the overall 4.4% rate for the entire Metroplex.

DeSoto benefits from being located twelve (12) miles south of Dallas and is accessible from several major transportation thoroughfares. This prime location serves as a gateway to job opportunities in Dallas, Fort Worth and the Mid-Cities. Its estimated population of 56,145 has grown by a notable 14% since 2012. During those same years, the overall taxable assessed valuation increased by 70%.

Long-term Financial Planning

Historically, the City has maintained fiscally responsible general fund balances. As a proactive measure, the budget is continuously analyzed to ensure that both revenues and expenditures are tracking as expected, with adjustments made as necessary. Thus, required fund reserves are not used for ongoing operational expenses.

Because of the City's proximity to Interstate 35 East and Interstate 20, businesses are recognizing DeSoto as one of the region's hot spots for growth. The City is committed to supporting new and expanding companies by creatively customizing incentive packages that are based upon individual business needs.

The City also has more than 400 acres of land that are available for industrial and commercial development. These parcels are located within the DeSoto Eagle Industrial and Business Park. The Hillwood Crossroads Trade Center, which is located in the Industrial Park, offers 1.8 million square feet of build-to-suit distribution or light industrial space for lease at Centre Park Blvd and Interstate 35 East.

Major Initiatives

The 2021-2022 fiscal year includes initiatives such as:

- Maintain the current level of public services provided by all municipal departments
- Increase the value of commercial, as well as residential assets through new development and redevelopment
- Develop a regional economic development vehicle to attract major employers to the Best Southwest region
- Continue to pursue Family style restaurants and new retail
- Review and update the Master Comprehensive Plan

Awards and Acknowledgements

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the FY that ended September 30, 2019. This is a prestigious national award that recognizes conformance with the highest standards for preparing State and Local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental entity must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR) that conforms to program standards. An ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

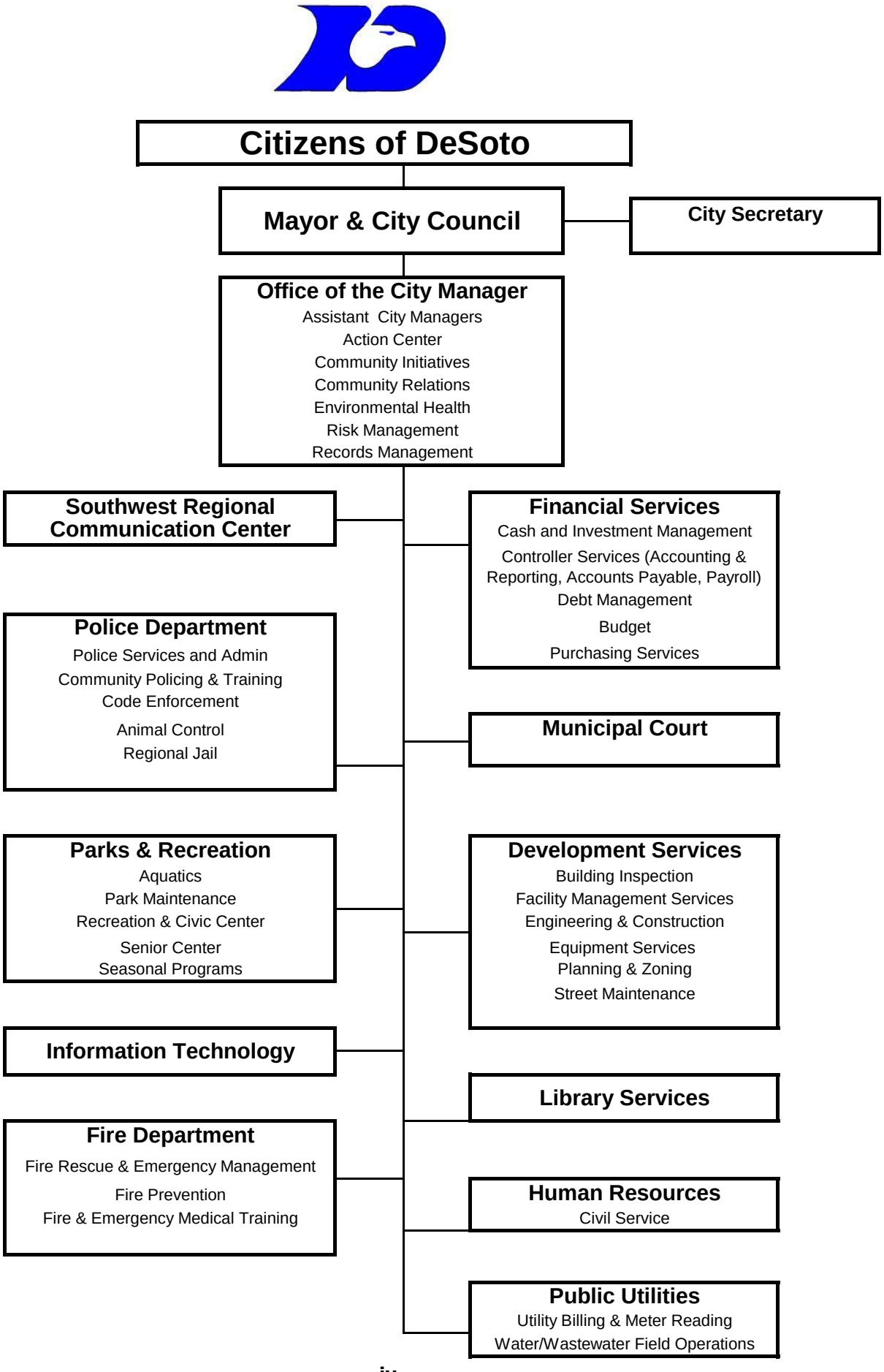
A Certificate of Achievement is only valid for one year. Over the past 35 FYs, DeSoto has received this prestigious award each year through fiscal year 2019. We believe this report also conforms to program requirements for the Certificate of Achievement and will submit it to GFOA to determine its eligibility for the Certificate of Achievement.

This report could not have been published without the tireless dedication and diligence of staff. Most importantly, our staff would like to commend both the Mayor and City Council for their unwavering contributions throughout the entire financial reporting process.

Respectfully,

Brandon Wright
City Manager

Tracy L. Cormier
Managing Director of Financial Services


Citizens of DeSoto
Mayor & City Council
City Secretary
Office of the City Manager
Assistant City Managers
Action Center
Community Initiatives
Community Relations
Environmental Health
Risk Management
Records Management
Southwest Regional Communication Center
Financial Services
Cash and Investment Management
Controller Services (Accounting & Reporting, Accounts Payable, Payroll)
Debt Management
Budget
Purchasing Services
Police Department
Police Services and Admin
Community Policing & Training
Code Enforcement
Animal Control
Regional Jail
Municipal Court
Parks & Recreation
Aquatics
Park Maintenance
Recreation & Civic Center
Senior Center
Seasonal Programs
Development Services
Building Inspection
Facility Management Services
Engineering & Construction
Equipment Services
Planning & Zoning
Street Maintenance
Information Technology
Library Services
Fire Department
Fire Rescue & Emergency Management
Fire Prevention
Fire & Emergency Medical Training
Human Resources
Civil Service
Public Utilities
Utility Billing & Meter Reading
Water/Wastewater Field Operations

City Officials
City Council

Rachel Proctor
Mayor
Place One

Kay Brown-Patrick
Place Two

Andre' Byrd
Mayor Pro tem
Place Four

Crystal Chism
Place Six

Nicole Raphiel
Place Three

Dinah Marks
Place Five

Letitia Hughes
Place Seven

Joe Gorfida
City Attorney

City Management

Brandon Wright
City Manager

Isom Cameron
Deputy City Manager

Kristoff Bauer
Deputy City Manager

Tamara Bell
Managing Director
Southwest Regional
Communication Center (SWRCC)

Louis Martinez
Managing Director
Public Utilities

Joseph Costa
Police Chief
Police Department

Jerry Duffield
Fire Chief
Fire and EMS Department

Tom Figert
Managing Director
Information Technology

Chris Glover
Managing Director
Parks & Recreation

Crystal Owens
Managing Director
Development Services

Tracy L. Cormier
Managing Director Financial
Services

Scott Kurth
Judge
DeSoto Municipal Court

Dr. Tracey Hunter-Hayes
Managing Director
Library Services

Alicia Thomas
Interim-City Secretary

Kathleen Shields
Managing Director
Human Resources

FINANCIAL SECTION

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of DeSoto, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of DeSoto, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of DeSoto, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of DeSoto's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2021 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeSoto, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, on our consideration of the City of DeSoto, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeSoto, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2022

MANAGEMENT'S
DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of DeSoto (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report, and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2021 fiscal year by $212,194,274 (net position). Of this amount, $75,001,143 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of fiscal year 2021, the City's governmental funds reported combined ending fund balances of $82,788,407, an increase of $22,816,999 from the prior year. Approximately 47% of this total amount is unassigned fund balance. Fund balances increased primarily due to increased property and sales taxes, as well as the issuance of long-term debt.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $39,072,693 or 95% of total General Fund expenditures.

- The City's total capital assets net of accumulated depreciation increased by $180,647. The increase is due to current year additions continued purchases and construction of capital assets, net of depreciation.

- The City's governmental and business-type activities outstanding general obligation bonds and certificates of obligation increased $20,393,001 to a total outstanding amount of $100,594,897. The increase is due to the City issuing new debt in fiscal year 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information in order to present how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in changes in cash flows for future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, public safety, development services, financial services, municipal court parks and recreation, library services, human resources, and information technology. The business-type activities of the City include public utilities, drainage systems, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the DeSoto Health Facilities Development Corporation, the DeSoto Housing Finance Corporation and the DeSoto Industrial Development Authority, Inc., which are legally separate but financially accountable to the City. A blended presentation has been used to report the financial information of these component units. That means that the component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government. Additionally, the government-wide financial statements include the DeSoto Economic Development Corporation, DeSoto Development Corporation and the DeSoto Park Development Corporation as part of its reporting entity as discretely presented component units. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The DeSoto Economic Development Corporation, the DeSoto Development Corporation, and the DeSoto Park Development Corporation are legally separate entities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements for governmental funds, proprietary funds and fiduciary funds can be found in the financial section of this report.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Street Improvement Fund, Public Facilities Capital Improvement Fund, and ARPA Grant Fund, which are considered to be major funds. Data from the other 15 governmental funds are combined into a single aggregate presentation.

The City adopts an annual appropriated budget for its general fund. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utility, drainage and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for public utility, drainage and sanitation, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The Custodial Fund is one of the City's fiduciary funds and it accounts for the funds held in a custodial capacity for the Southwest Regional Communication Center. See Note 1 for additional information pertaining to fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's pension and OPEB liabilities. Required supplementary information immediately follows the notes to the financial statements.

Combining statements and budgetary comparison schedules for non-major governmental funds and component unit fund financial statements follow the section on required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $212,194,274.

The largest portion of the City's net position (60%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $75,001,143 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2021, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of DeSoto's Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 94,151,967	$ 70,111,601	$ 43,403,655	$ 33,726,281	$ 137,555,622	$ 103,837,882
Capital assets	135,631,047	135,613,291	57,817,658	57,654,767	193,448,705	193,268,058
Total assets	229,783,014	205,724,892	101,221,313	91,381,048	331,004,327	297,105,940
Deferred outflows of resources	3,780,058	3,171,390	710,758	236,984	4,490,816	3,408,374
Total outflows of resources	3,780,058	3,171,390	710,758	236,984	4,490,816	3,408,374
Current and other liabilities	8,738,202	7,254,457	5,169,293	3,977,838	13,907,495	11,232,295
Long-term liabilities	78,980,198	66,089,485	26,122,262	18,397,106	105,102,460	84,486,591
Total liabilities	87,718,400	73,343,942	31,291,555	22,374,944	119,009,955	95,718,886
Deferred inflows of resources	3,971,041	4,177,344	319,873	420,264	4,290,914	4,597,608
Total inflows of resources	3,971,041	4,177,344	319,873	420,264	4,290,914	4,597,608
Net position:						
Net investment in capital assets	87,215,789	103,973,012	40,771,402	50,092,001	127,987,191	154,065,013
Restricted	9,205,940	8,541,615	-	-	9,205,940	8,541,615
Unrestricted	45,451,902	18,860,369	29,549,241	18,730,823	75,001,143	37,591,192
Total net position	$ 141,873,631	$ 131,374,996	$ 70,320,643	$ 68,822,824	$ 212,194,274	$ 200,197,820

Governmental activities. Net position increased by $10,498,635 in fiscal year 2021 compared to an increase of $8,915,731 in fiscal year 2020. During the current year, there were increases in property taxes, sales taxes, and grant revenues. These tax revenues have continued to increase as the City, and Dallas County as a whole, experience steady population growth and new development.

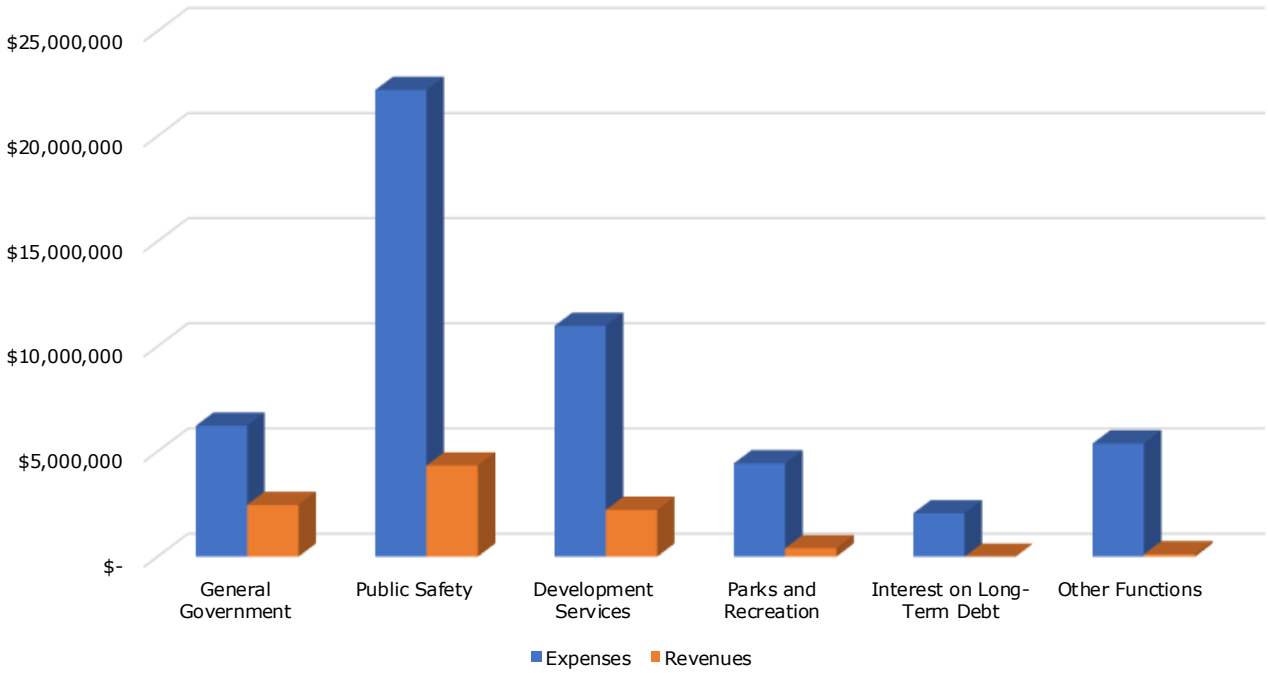
Governmental activities expenses increased largely in the area of general government and development services. The increases to general government expenses related primarily to expending of CARES Act grant funding in the current year amounting to $1.6 million to aid in the response to the COVID-19 pandemic.

Business-type activities. Net position increased by $1,497,819 in the current year compared to an increase of $1,681,865 in fiscal year 2020. The increase in net position as compared to prior year is contributable to the increase in revenue related to charges for services stemming from the population growth mentioned previously. Increases to expenses related primarily to payroll costs as the City works to continue offering competitive wages.

City of DeSoto's Changes in Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 6,321,455	$ 6,764,602	$ 31,701,880	$ 30,587,454	$ 38,023,335	$ 37,352,056
Operating grants & contributions	3,223,484	2,047,972	-	-	3,223,484	2,047,972
General revenues:						
Property taxes	34,406,476	31,596,309	-	-	34,406,476	31,596,309
Other local taxes	14,415,110	13,321,405	-	-	14,415,110	13,321,405
Investment earnings	611,253	1,023,121	111,577	492,361	722,830	1,515,482
Miscellaneous	685,901	586,382	-	-	685,901	586,382
Total revenues	59,663,679	55,339,791	31,813,457	31,079,815	91,477,136	86,419,606
Expenses:						
General government	6,227,571	4,525,262	-	-	6,227,571	4,525,262
Public safety	22,197,316	22,029,242	-	-	22,197,316	22,029,242
Developmental services	10,976,898	10,465,668	-	-	10,976,898	10,465,668
Financial services	1,202,478	1,013,731	-	-	1,202,478	1,013,731
Municipal court	636,299	719,132	-	-	636,299	719,132
Information technology	1,651,885	1,667,007	-	-	1,651,885	1,667,007
Human resources	625,500	738,480	-	-	625,500	738,480
Parks and recreation	4,438,460	4,483,537	-	-	4,438,460	4,483,537
Library services	1,269,782	1,306,404	-	-	1,269,782	1,306,404
Interest on long-term debt	2,063,663	1,600,395	-	-	2,063,663	1,600,395
Pubic utility	-	-	21,336,958	20,549,788	21,336,958	20,549,788
Storm drainage	-	-	1,109,933	1,262,423	1,109,933	1,262,423
Sanitation	-	-	5,743,939	5,460,931	5,743,939	5,460,931
Total expenses	51,289,852	48,548,858	28,190,830	27,273,142	79,480,682	75,822,000
Revenues in Excess of Expenses	8,373,827	6,790,933	3,622,627	3,806,673	11,996,454	10,597,606
Transfers	2,124,808	2,124,808	(2,124,808)	(2,124,808)	-	-
Change in net position	10,498,635	8,915,741	1,497,819	1,681,865	11,996,454	10,597,606
Net position - beginning of year	131,374,996	122,459,255	68,822,824	67,140,959	200,197,820	189,600,214
Net position - end of year	$ 141,873,631	$ 131,374,996	$ 70,320,643	$ 68,822,824	$ 212,194,274	$ 200,197,820

The following table provides a summary of the operations of governmental activities for the year ended September 30, 2021. Overall, the City had an increase in net position of $11,996,454. Overall revenues and expenses increased over the prior year.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds*.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the 2021 fiscal year, the City's governmental funds reported combined ending fund balances of $82,788,407, an increase of $22,816,999 from the prior year. Approximately 47% of this total amount is available for spending at the City's discretion. A portion of the remaining fund balance in the amount of $30,403,179 is not available for new spending because it is restricted to pay for 1) street improvements and capital projects 2) debt service 3) public safety grants and 4) economic development projects.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $39,072,693, while the total fund balance was $40,510,935. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total expenditures. Unassigned fund balance represents 95% of the general fund expenditures. In addition to the increases to property and sales taxes mentioned previously, the General Fund also increased its fund balance from the recognition of CARES Act funding to aid in the COVID-19 response.

The final general fund budget for fiscal year 2021 reflected a decrease of $6,039,559 in fund balance. The actual change in fund balance was an increase of $7,271,511. Contributing factors was the realization of revenues $5,491,359 over the budgeted amounts and overall expenditures $7,727,390 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total actual General Fund revenues of $47,739,887 increased from FY 2020 actuals by $3,453,293 and were greater than budgeted FY 2021 by $5,491,359. This was primarily caused by increases to sales taxes and intergovernmental revenue, which greatly outstripped decreases to other revenue sources as a result of the COVID-19 pandemic.

- Total General Fund expenditures of $41,277,477 increased by $2,929,337 from FY 2020 actuals and were less than budgeted FY 2021 amounts by $7,727,390. The significant budget surplus resulted primarily from the budgeting of certain multiyear project costs in one year, as well as contingency planning for COVID-19 response.

The actual revenues of $47,739,887 were more than the budgeted revenues by $5,491,359. Property tax, sales tax, franchise fees, fines and forfeitures, licenses and permits, investment earnings, recreation services, and miscellaneous revenue exceeded the budgeted amount.

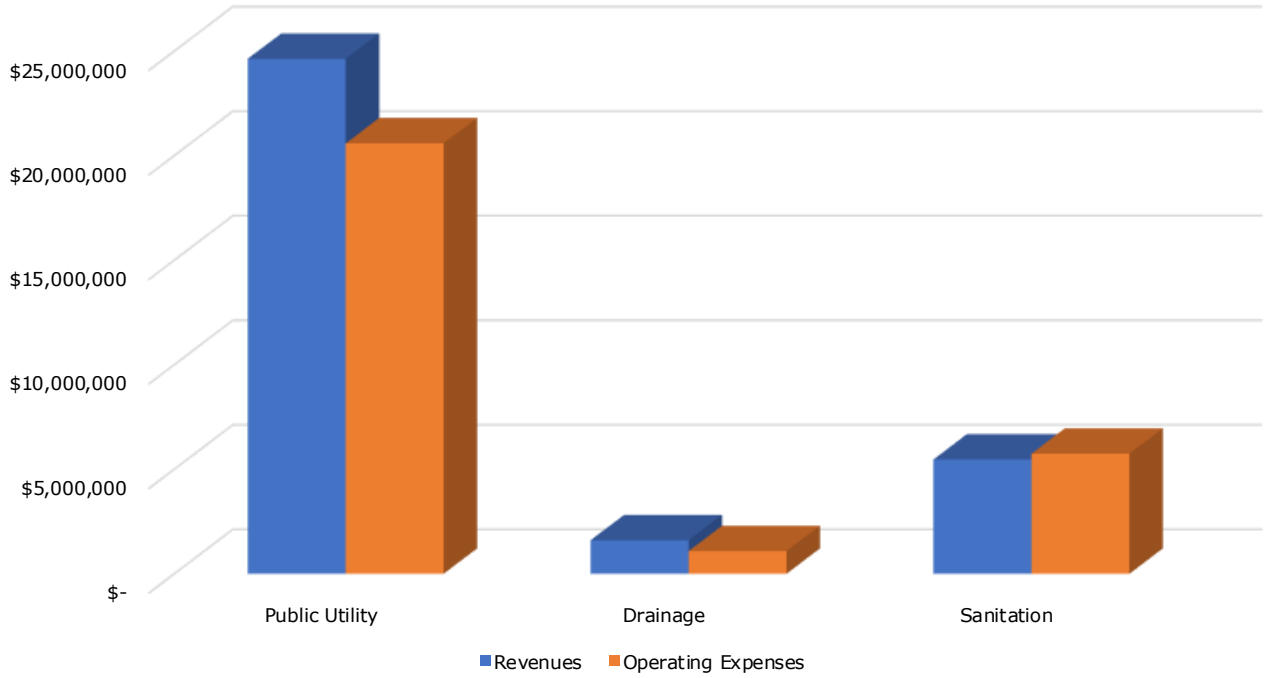
Original budget compared to final budget. During the year, there was no need for any significant amendments to increase the original estimated revenues in the General Fund. However, there was a need to make an amendment to original budgeted appropriations for the general government function as a response to COVID-19. Thus, appropriations in the general government function were increased by $2,475,076. Additionally, capital outlay appropriations were increased by $1,474,145 for capital equipment. A large portion of this increase was reclassifying appropriations from information technology, $1 million, the remainder was an increase to appropriations of the fund.

Debt service fund balance increased by $322,453 due to the increase in tax revenue. Fund balances may fluctuate in the future as management continues to evaluate the amount of debt service property taxes needed to fund the City's debt service.

The fund balance of the Street Improvement fund increased by $7,379,400 due to the issuance of long-term debt to fund additional projects. Fund balance will decrease in future years as these funds are spent down.

The Public Facilities Capital Improvement Fund increased its fund balance by $1,720,742, primarily due to debt proceeds and transfers in from other funds in anticipation of significant future improvement projects.

The ARPA Grant Fund, new for fiscal year 2021, ended with no fund balances, revenues, or expenditures. The fund was used to record the $3.6 million of American Rescue Plan Act grant funding received from the Federal government. The proceeds were recorded as unearned revenue and will be recognized in future years as project costs are incurred.



Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the respective proprietary funds are Public Utility - $26,906,125, Storm Drainage - $2,055,672, and Sanitation - $587,444. The net position for the Public Utility fund increased $1,251,817; Storm Drainage increased $520,013 and Sanitation decreased $274,011. The overall change in net position for business-type activities was an increase of $1,497,819. Public Utility Fund revenues increased with a sewer service base rate and volume charge increase. The largest increase was experienced with sanitation revenue, for which the average monthly collection rate was increased by approximately 16%. Overall Proprietary Funds operating revenues of $30,674,683 reflected an increase of $1,114,426 or an increase of approximately 4% compared to the prior year. Proprietary Funds operating expenses of $28,190,830 reflected an increase of $917,688 or approximately 3% from prior year. As discussed previously, the increase in expenses related primarily to salary increases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2021, the City had $193 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net increase of $180,647 from the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 9,381,734	$ 9,514,236	$ 1,244,443	$ 1,244,443	$ 10,626,177	$ 10,758,679
Construction in progress	23,349,415	16,179,404	6,691,008	3,954,969	30,040,423	20,134,373
Street/Alley ROW	14,072,949	14,072,949	-	-	14,072,949	14,072,949
Buildings	23,137,768	24,255,563	-	-	23,137,768	24,255,563
Infrastructure	63,510,906	68,856,920	49,420,056	51,991,557	112,930,962	120,848,477
Equipment and furniture	2,178,275	2,734,219	462,151	463,798	2,640,426	3,198,017
	$ 135,631,047	$ 135,613,291	$ 57,817,658	$ 57,654,767	$ 193,448,705	$ 193,268,058

Major capital asset events during the 2021 fiscal year include the following:

- Construction on bond-funded projects in the governmental activities amounted to $6.9 million. This included city street repairs and expansions, fire station construction, and park expansion.

- Construction and replacement of water and sewer infrastructure incurred approximately $3.4 million in the business-type activities using bond funds.

- Purchases of motor vehicles for city use, particularly Police Department units, in the amount of $850,000.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

DEBT ADMINISTRATION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 35,630,000	$ 39,850,000	$ 9,300,000	$ 3,520,000	$ 44,930,000	$ 43,370,000
Certificates of obligation	25,840,000	11,310,000	13,145,000	13,190,000	38,985,000	24,500,000
Bond premium	7,373,353	4,981,002	2,883,289	962,078	10,256,642	5,943,080
Capital leases	749,678	925,765	-	-	749,678	925,765
Compensated absences	5,242,924	5,072,296	430,653	390,755	5,673,577	5,463,051
	$ 74,835,955	$ 62,139,063	$ 25,758,942	$ 18,062,833	$ 100,594,897	$ 80,201,896

The City issued three bonds during the current fiscal year, including approximately $23.8 million of new debt and $8.6 million of refunding bonds. Overall this caused total long-term debt to increase for the year. The new debt will be used to fund certain parks, water/sewer, road, and fire station capital improvements. The refunding bonds were issued to reduce future debt service by $1.4 million and provide a present value savings of nearly $1 million.

The City has an AA rating from Fitch and an AA rating from Standard & Poor's. Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The two major financing sources for general government operations: Property Tax and Sales Tax are the major areas of focus. In the coming year, an increase in general government property tax revenue is estimated due to the City's increase in assessed valuation for Tax Year 2021. The City's tax rate will stay the same as FY21 and for the third year in a row no tax rate increase in year 2022. The FY2022 budget was adopted with total tax rate of $.701554 per $100 valuation and an Operation & Maintenance tax rate of $0.55016 and Interest and Sinking tax rate of $0.151394.

Sales Tax is the second largest revenue source. In FY2021, retail and industry taxable sales were substantially unchanged, but we did receive and increase in revenue related to our Kohl's distribution Center and gather this was related to the COVID-19 pandemic. Revenue related to sales tax exceeded general fund budget by approximately 36.05%; with overall revenue 8% higher than FY2020. The budget estimates for Franchise Fees for FY 2021 actuals were less than prior year and were just short of budget expectations Charges for services were below current year budgeted revenues by $32,234. Because this category of revenue collections can span a number of fiscal years it will be budgeted conservatively in FY2021. Overall, budgeted revenue in the General Fund for FY2021 decreased by approximately $1,294,133, which represents the decrease in property tax revenue based on an decrease in taxable values for FY2021 budget.

The fiscal year 2022 budget provides funding for all aspects of our service delivery. This spending plan meets the objective of maintaining the current level of services.

Because the City is a service organization, a major portion of the operating budget is allocated to employee compensation and fringe benefits. Maintaining these items at a current market rate requires that new resources be allocated annually. The increases in salary will reflect a 1% increase for eligible employees and also and merit increase of 2% which is effective on each employee's anniversary date These normal increases appear in the budget each year in addition to any potential market adjustment. Also, programmed into FY 2022 budget were additional positions to enhance services and increased to insurance costs.

In addition to salary adjustments, in the past, we have experienced a decrease in the Texas Municipal Retirement System ("TMRS") contribution rates. It is important to note that in fiscal year 2022 we will continue participation in TMRS, and the City's match will remain 2:1. In FY 2022, the actuarial rate will be 11.34%, which is an increase of 0.07% from the previous fiscal year. This allows us to continue in TMRS and meet the UAAL obligation over time. All other personnel related benefit programs remain at the level reflected in the fiscal year 2021 budget.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Finance Managing Director, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9678, or email tcormier@desototexas.gov.

BASIC
FINANCIAL STATEMENTS

CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 87,450,910	$ 20,856,637	$ 108,307,547
Receivables, net of allowances	5,390,629	4,553,380	9,944,009
Due from other governments	299,928	266,039	565,967
Internal balances	(52,413)	52,413	-
Inventories	124,364	9,180	133,544
Prepaid items	3,003	-	3,003
Notes receivable	115,000	-	115,000
Restricted assets:			
Cash and investments	-	17,666,006	17,666,006
Investment in joint ventures	820,546	-	820,546
Capital assets:			
Non-depreciable	46,804,098	7,935,451	54,739,549
Depreciable, net	88,826,949	49,882,207	138,709,156
Total capital assets	135,631,047	57,817,658	193,448,705
Total assets	229,783,014	101,221,313	331,004,327
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts - pension related	3,129,339	307,381	3,436,720
Deferred amounts - OPEB related	322,435	28,267	350,702
Deferred loss on refunding	328,284	375,110	703,394
Total deferred outflows of resources	3,780,058	710,758	4,490,816
LIABILITIES			
Accounts payable and accrued expenses	2,299,254	3,320,016	5,619,270
Accrued liabilities	1,627,616	52,123	1,679,739
Accrued interest payable	298,898	97,916	396,814
Due to fiduciary fund	5,737	-	5,737
Unearned revenue	4,456,697	-	4,456,697
Customer deposits	50,000	1,699,238	1,749,238
Noncurrent liabilities:			
Due within one year:			
Long-term debt	6,830,036	1,706,131	8,536,167
Total OPEB liability	22,102	1,938	24,040
Due in more than one year:			
Long-term debt	68,005,919	24,052,811	92,058,730
Net pension liability	2,758,316	241,821	3,000,137
Total OPEB liability	1,363,825	119,561	1,483,386
Total liabilities	87,718,400	31,291,555	119,009,955
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts - pension related	3,577,352	313,611	3,890,963
Deferred amounts - OPEB related	71,426	6,262	77,688
Deferred gain on refunding	322,263	-	322,263
Total deferred inflows of resources	3,971,041	319,873	4,290,914
NET POSITION			
Net investment in capital assets	87,215,789	40,771,402	127,987,191
Restricted for:			
Debt service	5,034,409	-	5,034,409
Public safety	1,063,281	-	1,063,281
Parks and park facilities	-	-	-
Economic development	3,108,250	-	3,108,250
Unrestricted	45,451,902	29,549,241	75,001,143
Total net position	$ 141,873,631	$ 70,320,643	$ 212,194,274

The accompanying notes are an integral part of these financial statements.

Component Units		
DeSoto Parks Development Corporation	DeSoto Economic Development Corporation	DeSoto Development Corporation
$ 1,278,897	$ -	$ 4,757,684
177,308	-	531,923
-	-	-
-	-	-
-	-	-
-	-	-
-	-	6,059
-	-	-
-	-	-
11,250	-	-
1,664,756	-	-
1,676,006	-	-
3,132,211	-	5,295,666
-	-	-
-	-	-
-	-	-
-	-	-
-	-	862
-	-	-
1,406	-	-
-	-	-
-	-	-
-	-	20,804
330,000	-	1,829
-	-	-
-	-	7,317
-	-	-
-	-	-
331,406	-	30,812
-	-	-
-	-	-
-	-	-
-	-	-
1,346,006	-	-
-	-	-
-	-	-
1,454,799	-	-
-	-	5,264,854
-	-	-
$ 2,800,805	$ -	$ 5,264,854

CITY OF DESOTO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 6,227,571	$ 427,529	$ 2,034,130	$ -
Public safety	22,197,316	3,394,644	942,184	-
Developmental services	10,976,898	1,979,590	245,535	-
Financial services	1,202,478	-	-	-
Municipal court	636,299	96,017	-	-
Information technology	1,651,885	-	-	-
Human resources	625,500	-	-	-
Parks and recreation	4,438,460	402,820	1,635	-
Library services	1,269,782	20,855	-	-
Interest on long-term debt	2,063,663	-	-	-
Total governmental activities	51,289,852	6,321,455	3,223,484	-
Business-type activities:				
Public utility	21,336,958	24,629,050	-	-
Storm drainage	1,109,933	1,604,123	-	-
Sanitation	5,743,939	5,468,707	-	-
Total business-type activities	28,190,830	31,701,880	-	-
Total Primary Government	$ 79,480,682	$ 38,023,335	$ 3,223,484	$ -
Component Units:				
DeSoto Parks Development Corporation	$ 249,735	$ -	$ -	$ -
DeSoto Economic Development Corporation	831,497	198,427	-	-
DeSoto Development Corporation	773,571	165,949	-	-
Total Component Units	$ 1,854,803	$ 364,376	$ -	$ -
General Revenues:				
Taxes:				
Property taxes				
Franchise and other taxes				
Sales taxes				
Hotel occupancy				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Special item				
Total general revenues, transfers and special item				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	DeSoto Park Development Corporation	DeSoto Economic Development Corporation	DeSoto Development Corporation
$(3,765,912)	$ -	$(3,765,912)	$ -	$ -	$ -
(17,860,488)	-	(17,860,488)	-	-	-
(8,751,773)	-	(8,751,773)	-	-	-
(1,202,478)	-	(1,202,478)	-	-	-
(540,282)	-	(540,282)	-	-	-
(1,651,885)	-	(1,651,885)	-	-	-
(625,500)	-	(625,500)	-	-	-
(4,034,005)	-	(4,034,005)	-	-	-
(1,248,927)	-	(1,248,927)	-	-	-
(2,063,663)	-	(2,063,663)	-	-	-
(41,744,913)	-	(41,744,913)	-	-	-
-	3,292,092	3,292,092	-	-	-
-	494,190	494,190	-	-	-
-	(275,232)	(275,232)	-	-	-
-	3,511,050	3,511,050	-	-	-
$(41,744,913)	$ 3,511,050	$(38,233,863)	$ -	$ -	$ -
			$(249,735)	$ -	$ -
			-	(633,070)	-
			-	-	(607,622)
			$(249,735)	$(633,070)	$(607,622)
$ 34,406,476	$ -	$ 34,406,476	$ -	$ -	$ -
2,826,229	-	2,826,229	-	-	-
10,523,359	-	10,523,359	1,094,794	2,469,426	843,135
1,065,522	-	1,065,522	-	-	-
611,253	111,577	722,830	2,810	5,082	3,189
685,901	-	685,901	-	-	4,000
2,124,808	(2,124,808)	-	-	-	-
-	-	-	-	(5,022,152)	5,022,152
52,243,548	(2,013,231)	50,230,317	1,097,604	(2,547,644)	5,872,476
10,498,635	1,497,819	11,996,454	847,869	(3,180,714)	5,264,854
131,374,996	68,822,824	200,197,820	1,952,936	3,180,714	-
$ 141,873,631	$ 70,320,643	$ 212,194,274	$ 2,800,805	$ -	$ 5,264,854

CITY OF DESOTO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Projects: Street Improvement	Capital Projects: Public Facilities Capital Improvement
ASSETS				
Cash and investments	$ 40,583,001	$ 5,053,495	$ 15,733,863	$ 7,587,661
Receivables, net:				
Taxes	2,646,393	166,162	-	-
Accounts and other	2,352,515	-	-	-
Due from other governments	299,928	-	-	-
Due from other funds	33,889	-	-	-
Inventories	124,364	-	-	-
Prepaid items	-	-	-	-
Note receivable	-	115,000	-	-
Total assets	46,040,090	5,334,657	15,733,863	7,587,661
LIABILITIES				
Accounts payable	1,432,319	1,350	483,006	-
Accrued liabilities	1,477,685	-	-	104,313
Due to other funds	84,190	-	-	-
Customer deposits	50,000	-	-	-
Unearned revenues	797,221	-	-	-
Total liabilities	3,841,415	1,350	483,006	104,313
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,687,740	273,411	-	-
Total deferred inflows of resources	1,687,740	273,411	-	-
FUND BALANCES				-
Nonspendable for:				
Inventory	124,364	-	-	-
Prepaid items	-	-	-	-
Restricted for:				
Debt service	-	5,059,896	-	-
Street improvements	-	-	11,006,470	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	2,629,482
Committed for:				
Public health	-	-	-	-
Development activities	-	-	-	-
Assigned for:				
Street improvements	-	-	4,244,387	-
Capital projects	-	-	-	4,853,866
Future healthcare costs	440,000	-	-	-
Next year's budget	873,878	-	-	-
Unassigned	39,072,693	-	-	-
Total fund balances	40,510,935	5,059,896	15,250,857	7,483,348
Total liabilities, deferred inflows of resources, and fund balances	$ 46,040,090	$ 5,334,657	$ 15,733,863	$ 7,587,661

The accompanying notes are an integral part of these financial statements.

Special Revenue		
ARPA Grant Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
3,653,351	$ 14,839,539	$ 87,450,910
-	103,980	2,916,535
-	121,579	2,474,094
-	-	299,928
-	26,040	59,929
-	-	124,364
-	3,003	3,003
-	-	115,000
3,653,351	15,094,141	93,443,763
-	382,579	2,299,254
-	45,618	1,627,616
-	33,889	118,079
-	-	50,000
3,653,351	6,125	4,456,697
3,653,351	468,211	8,551,646
-	142,559	2,103,710
-	142,559	2,103,710
-		
-	-	124,364
-	3,003	3,003
-	-	5,059,896
-	-	11,006,470
-	1,063,281	1,063,281
-	3,108,250	3,108,250
-	7,535,800	10,165,282
-	20,752	20,752
-	153,169	153,169
-	-	4,244,387
-	2,599,116	7,452,982
-	-	440,000
-	-	873,878
-	-	39,072,693
-	14,483,371	82,788,407
$ 3,653,351	$ 15,094,141	$ 93,443,763

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GEVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	$	82,788,407
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		135,631,047
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		
Bonds and certificates of obligation payable	(	61,470,000)
Capital leases payable	(	749,678)
Compensated absences	(	5,242,924)
Accrued interest payable	(	298,898)
Unamortized premium on bonds	(	7,373,353)
Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements.		2,103,710
Certain other long-term assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Investment in joint venture		820,546
Deferred loss on refunding		328,284
Deferred gain on refunding	(	322,263)
Net pension liability	(	2,758,316)
Total OPEB liability	(	1,385,927)
Deferred outflows of resources related to the net pension liability		3,129,339
Deferred inflows of resources related to the net pension liability	(	3,577,352)
Deferred outflows of resources related to the total OPEB liability		322,435
Deferred inflows of resources related to the total OPEB liability	(	71,426)
Net Position of Governmental Activities	$	141,873,631

The accompanying notes are an integral part
of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Projects: Street Improvement	Capital Projects: Public Facilities Capital Improvement
REVENUES				
Property taxes	$ 26,641,569	$ 7,813,871	$ -	$ -
Sales taxes	10,523,359	-	-	-
Franchise fees and other	2,826,229	-	-	-
Hotel occupancy tax	-	-	-	-
Property assessments	-	-	-	-
Fines and forfeitures	943,631	-	-	-
Licenses and permits	1,443,363	-	-	-
Intergovernmental	2,572,590	188,970	-	-
Charges for services	1,759,329	-	-	-
Investment earnings	384,089	93,305	40,105	12,238
Recreation services	393,522	-	-	-
Miscellaneous	252,206	11,227	-	-
Total revenues	47,739,887	8,107,373	40,105	12,238
EXPENDITURES				
Current:				
General government	5,392,027	-	-	13,598
Public safety:				
Police	10,995,403	-	-	-
Fire	9,309,098	-	-	-
Development services	5,617,799	-	-	-
Financial services	1,193,453	-	-	-
Municipal court	597,806	-	-	-
Information technology	1,553,672	-	-	-
Human resources	641,503	-	-	-
Parks and recreation	3,304,476	-	-	-
Library services	1,257,768	-	-	-
Debt service:				
Principal	-	5,596,051	-	-
Interest and other	3,331	2,445,647	116,494	10,591
Capital outlay	1,411,141	-	4,365,394	383,898
Total expenditures	41,277,477	8,041,698	4,481,888	408,087
Excess (deficiency) of revenues over expenditures	6,462,410	65,675	(4,441,783)	(395,849)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	73,171	-	-	-
Insurance recoveries	181,550	-	-	-
Issuance of long-term debt	-	1,980,000	9,312,361	846,583
Premium on issuance of long-term debt	-	269,558	1,804,133	164,008
Payment to escrow agent	-	(2,202,044)	-	-
Transfers in	3,334,308	235,564	704,689	2,106,000
Transfers out	(2,779,928)	(26,300)	-	(1,000,000)
Total other financing sources (uses)	809,101	256,778	11,821,183	2,116,591
NET CHANGE IN FUND BALANCES	7,271,511	322,453	7,379,400	1,720,742
FUND BALANCES - BEGINNING	33,239,424	4,737,443	7,871,457	5,762,606
FUND BALANCES - ENDING	$ 40,510,935	$ 5,059,896	$ 15,250,857	$ 7,483,348

The accompanying notes are an integral part of these financial statements.

Special Revenue		
ARPA Grant Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 34,455,440
-	-	10,523,359
-	-	2,826,229
-	1,065,522	1,065,522
-	500,598	500,598
-	42,956	986,587
-	-	1,443,363
-	2,016,924	4,778,484
-	31,126	1,790,455
-	81,516	611,253
-	-	393,522
-	40,918	304,351
-	3,779,560	59,679,163
-	337,264	5,742,889
-	1,302,671	12,298,074
-	-	9,309,098
-	312,700	5,930,499
-	-	1,193,453
-	60,304	658,110
-	-	1,553,672
-	-	641,503
-	234,343	3,538,819
-	-	1,257,768
-	-	5,596,051
-	74,134	2,650,197
-	1,959,860	8,120,293
-	4,281,276	58,490,426
-	(501,716)	1,188,737
-	-	73,171
-	-	181,550
-	5,926,056	18,065,000
-	1,148,078	3,385,777
-	-	(2,202,044)
-	761,675	7,142,236
-	(1,211,200)	(5,017,428)
-	6,624,609	21,628,262
-	6,122,893	22,816,999
-	8,360,478	59,971,408
$ -	$ 14,483,371	$ 82,788,407

CITY OF DESOTO, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Changes in Fund Balances - Governmental Funds	$	22,816,999
Amounts reported for governmental activities in the statement of activities are		
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital outlay		8,109,796
Disposal of capital assets	(	379,866)
Depreciation expense	(	7,712,174)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
Unavailable charges for services		284
Unavailable tax and emergency management revenues	(	293,335)
Unavailable court fines and fees		96,017
Change in equity interest of joint venture	(	13,132)
Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		
Issuance of debt	(	19,201,219)
Debt service principal		5,596,087
Pension and OPEB contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension and OPEB liability in the statement of net position. This amount is the difference between pension and OPEB contributions and net pension and OPEB expense (revenue) for the current fiscal year.		
Pension expense		1,228,469
OPEB expense	(	117,683)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
(Increase) decrease in accrued interest	(	50,212)
(Increase) decrease in compensated absences	(	170,628)
Amortization of deferred loss on refunding	(	144,500)
Amortization of deferred gain on refunding		50,838
Amortization of premium on bonds		682,894
Change in Net Position of Governmental Activities	$	10,498,635

The accompanying notes are an integral part
of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
ASSETS				
Current assets:				
Cash and investments	$ 18,895,144	$ 1,432,596	$ 528,897	$ 20,856,637
Accounts receivable, net	3,695,414	190,804	667,162	4,553,380
Due from other governments	-	266,039	-	266,039
Due from other funds	31,540	11,916	8,957	52,413
Inventories	9,180	-	-	9,180
Total current assets	22,631,278	1,901,355	1,205,016	25,737,649
Noncurrent assets:				
Restricted cash and investments	14,611,394	3,054,612	-	17,666,006
Capital assets:				
Land	583,160	341,196	320,087	1,244,443
Construction in progress	5,785,844	905,164	-	6,691,008
Improvements	9,524,634	5,002,363	548,503	15,075,500
Water and sewer systems	93,005,593	-	-	93,005,593
Drainage systems	-	13,655,290	-	13,655,290
Equipment and furniture	1,910,195	105,896	402,629	2,418,720
Less: accumulated depreciation	(62,920,992)	(10,737,346)	(614,558)	(74,272,896)
Total noncurrent assets	62,499,828	12,327,175	656,661	75,483,664
Total assets	85,131,106	14,228,530	1,861,677	101,221,313
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension related	238,281	29,853	39,247	307,381
Deferred loss on refunding	375,110	-	-	375,110
Deferred outflows - OPEB related	28,267	-	-	28,267
Total deferred outflows of resources	641,658	29,853	39,247	710,758
LIABILITIES				
Current liabilities:				
Accounts payable	2,497,797	286,541	535,678	3,320,016
Accrued liabilities	27,522	10,492	14,109	52,123
Accrued interest	92,301	5,615	-	97,916
Customer deposits	1,699,223	-	15	1,699,238
Compensated absences	65,132	13,928	7,070	86,131
Bonds payable	1,255,000	365,000	-	1,620,000
Total OPEB liability	1,938	-	-	1,938
Total current liabilities	5,638,913	681,576	556,872	6,877,362
Noncurrent liabilities:				
Compensated absences	260,529	55,714	28,280	344,522
Bonds payable	22,697,171	1,011,118	-	23,708,289
Net pension liability	187,508	23,112	31,201	241,821
Total OPEB liability	119,561	-	-	119,561
Total noncurrent liabilities	23,264,769	1,089,944	59,481	24,414,193
Total liabilities	28,903,682	1,771,520	616,353	31,291,555
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension related	243,185	29,960	40,466	313,611
Deferred inflows - OPEB	6,262	-	-	6,262
Total deferred inflows of resources	249,447	29,960	40,466	319,873
NET POSITION				
Net investment in capital assets	29,713,510	10,401,231	656,661	40,771,402
Unrestricted	26,906,125	2,055,672	587,444	29,549,241
Total net position	$ 56,619,635	$ 12,456,903	$ 1,244,105	$ 70,320,643

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
OPERATING REVENUES				
Charges for services	$ 23,601,853	$ 1,604,123	$ 5,468,707	$ 30,674,683
Total operating revenues	23,601,853	1,604,123	5,468,707	30,674,683
OPERATING EXPENSES				
Personnel costs	1,933,234	222,582	341,082	2,496,898
Water supply	5,544,405	-	-	5,544,405
Wastewater treatment	7,622,051	-	-	7,622,051
Refuse collection	-	-	4,594,321	4,594,321
Administrative charges	1,356,063	102,673	534,235	1,992,971
Contractual services	282,568	62,418	137,370	482,356
Repairs and maintenance	657,248	6,374	33,412	697,034
Materials and supplies	216,547	15,808	21,078	253,433
Other	296,910	29,124	948	326,982
Depreciation	2,676,828	647,261	81,493	3,405,582
Total operating expenses	20,585,854	1,086,240	5,743,939	27,416,033
Operating income (loss)	3,015,999	517,883	(275,232)	3,258,650
NON-OPERATING REVENUES (EXPENSES)				
Investment income	84,533	25,823	1,221	111,577
Miscellaneous revenue	1,027,197	-	-	1,027,197
Interest expense	(751,104)	(23,693)	-	(774,797)
Total non-operating revenues (expenses)	360,626	2,130	1,221	363,977
Income (loss) before transfers	3,376,625	520,013	(274,011)	3,622,627
Transfers out	(2,124,808)	-	-	(2,124,808)
CHANGE IN NET POSITION	1,251,817	520,013	(274,011)	1,497,819
NET POSITION - BEGINNING	55,367,818	11,936,890	1,518,116	68,822,824
NET POSITION - END OF YEAR	$ 56,619,635	$ 12,456,903	$ 1,244,105	$ 70,320,643

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds			
	Public Utility	Drainage	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 24,323,486	$ 1,385,484	$ 5,500,660	$ 31,209,630
Payments to suppliers	(15,445,844)	(210,181)	(5,345,688)	(21,001,713)
Payments to employees	(2,074,115)	(256,826)	(345,090)	(2,676,031)
Net cash provided (used) by operating activities	6,803,527	918,477	(190,118)	7,531,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash paid to other funds	(20,867)	(8,262)	(6,767)	(35,896)
Transfers out to other funds	(2,124,808)	-	-	(2,124,808)
Net cash used by noncapital financing activities	(2,145,675)	(8,262)	(6,767)	(2,160,704)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,674,464)	(194,775)	-	(2,869,239)
Proceeds from long-term debt	9,002,342	-	-	9,002,342
Principal paid on long-term debt	(1,330,000)	(350,000)	-	(1,680,000)
Interest paid on long-term debt	(744,916)	(50,192)	-	(795,108)
Net cash (used) by capital and related financing activities	4,252,962	(594,967)	-	3,657,995
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	84,533	25,823	1,221	111,577
Net cash provided by investing activities	84,533	25,823	1,221	111,577
Net (decrease) increase in cash and cash equivalents	8,995,347	341,071	(195,664)	9,140,754
Cash and cash equivalents, beginning of year:				
Cash and cash equivalents	24,511,191	4,146,137	724,561	29,381,889
Cash and cash equivalents, end of year:				
Cash and cash equivalents	18,895,144	1,432,596	528,897	20,856,637
Restricted cash and cash equivalents	14,611,394	3,054,612	-	17,666,006
Total cash and cash equivalents	$ 33,506,538	$ 4,487,208	$ 528,897	$ 38,522,643
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 4,043,196	$ 517,883	$(275,232)	$ 4,285,847
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,676,828	647,261	81,493	3,405,582
Decrease (increase) in customer receivable	(314,519)	(218,639)	31,938	(501,220)
Decrease (increase) in inventory	495	-	-	495
Increase (decrease) in accounts payable	529,453	6,216	(24,324)	511,345
Increase (decrease) in accrued liabilities	(51,978)	(512)	3,467	(49,023)
Increase (decrease) in customer deposits	8,955	-	15	8,970
Increase (decrease) in compensated absences	48,948	(13,564)	4,514	39,898
Increase (decrease) in net pension/total OPEB liabilities	30,503	(4,016)	2,560	29,047
Increase (decrease) in pension related deferred inflows	(89,573)	(10,300)	(518)	(100,391)
Increase (decrease) in pension and OPEB related deferred outflows	(78,781)	(5,852)	(14,031)	(98,664)
Net cash provided (used) by operating activities	$ 6,803,527	$ 918,477	$(190,118)	$ 7,531,886

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

SEPTEMBER 30, 2021

	Custodial Fund
ASSETS	
Cash and investments	$ 1,105,495
Accounts receivable	99,975
Due from general fund	5,737
Due from other governments	4
Total assets	1,211,211
LIABILITIES	
Accounts payable	135,412
Total liabilities	$ 135,412
NET POSITION	
Restricted for joint venture	1,075,799
Total net position	$ 1,075,799

The accompanying notes are an integral part of these financial statements.

CITY OF DESOTO, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Fund
ADDITIONS	
Member contributions for joint venture	$ 2,682,486
911 taxes for joint venture	981,716
Miscellaneous	44,733
Total additions	3,708,935
DEDUCTIONS	
Payments on behalf of joint venture	4,019,103
Total deductions	4,019,103
CHANGE IN NET POSITION	(310,168)
NET POSITION, BEGINNING	1,385,967
NET POSITION, ENDING	$ 1,075,799

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The City of DeSoto (the "City") was incorporated in 1949. The City operates as a home-rule City under a council-manager form of government with a mayor and six City Council members elected at large. The City provides the following services as authorized by its charter: public safety (police and fire), streets, water, sewer and drainage utilities, solid waste operations, public library, parks and recreation, public improvements, planning, zoning and code enforcement, and general administrative services.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities is blended or discretely presented within the financial statements.

Blended Component Units

Health Facilities Development Corporation - The City created the Corporation to assist the maintenance of public health within the City. The Corporation's governing body is the same as the governing body of the City. The Corporation is authorized to sell bonds. Operational responsibility of the Health Facilities Development Corporation lies with City management. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Housing Finance Corporation - The City created the Corporation to carry out the purposes of the Texas Housing Finance Corporations Act within the City. The Corporation's governing body is the same as the governing body of the City. There are seven directors. The Corporation is authorized to sell bonds. Operational responsibility of the Housing Finance Corporation lies with City management. Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation shall vest in the City.

Industrial Development Authority, Inc. - The City created the Corporation for the purposes of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare within the City. The Corporation's governing body is the same as the governing body of the City and operational responsibility lies with City management. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Discretely Presented Component Units

DeSoto Economic Development Corporation (DEDC) - The Corporation, created for the purpose of promoting development within the City, was dissolved in the current year and its assets and activities were assigned to the DeSoto Development Corporation. There were five directors, all appointed by the City Council. The Corporation was authorized to borrow funds and issue bonds with City Council approval. See Note 13 for additional information regarding the dissolution of the Corporation during fiscal year 2021.

DeSoto Development Corporation (DDC) - The Corporation was created in 2021 for the purpose of promoting development within the City. There are five directors, all appointed by the City Council. All directors are residents of the City. Each director serves a three-year staggered term. The Corporation is authorized to borrow funds and issue bonds with City Council approval, and is assigned a portion of the City's sales tax revenues to promote economic development.

DeSoto Parks Development Corporation (DPDC) - The Corporation was created for the purpose of promoting parks within the City. There are seven directors, all appointed by the City Council. All directors are residents of the City. Each director serves a two-year staggered term. The Corporation is authorized to issue bonds for public parks and park facilities projects with City Council approval.

Separate financial statements are not issued for the DPDC, the Health Facilities Development Corporation, the Housing Finance Corporation and the Industrial Development Authority.

Complete financial statements are issued by DEDC and DDC and can be obtained from:

DeSoto Development Corporation
211 E. Pleasant Run Road
DeSoto, Texas 75115

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component units.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Governmental activities, which are normally supported by property, sales and franchise taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, municipal drainage services and charges for solid waste services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In addition to the government-wide financial statements, the City also reports separate financial statements for governmental funds, proprietary funds, and fiduciary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund accounts for the accumulation of resources (primarily property tax levies) for the payment of principal, interest and related costs of general long-term debt.

Street Improvement Fund - This fund accounts for the financial and construction costs of various street improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

Public Facilities Capital Improvement Fund - This fund accounts account for the construction and improvement of various City facilities. Financing is provided by general obligation bonds, certificates of obligation and various contributions.

ARPA Grant Fund – This fund accounts for funds received under the American Rescue Plan Act grant and the related expenditures.

The City reports the following major proprietary funds:

Public Utility Fund - This fund accounts for water and wastewater system services provided for residents and businesses of the City, including administration, operations, maintenance, debt service, billing and collection.

Drainage Fund - This fund accounts for the operation of the Drainage Utility and provides funding for drainage capital improvements, and enhanced maintenance of the drainage system.

Sanitation Fund - This fund accounts for revenues and expenses of solid waste operations. Revenues are generated through user charges. This fund also funds additional services for litter control and median beautification, street sweeping and household hazardous waste collection.

Additionally, the government reports the following fiduciary fund type:

Custodial Fund - This fund reports cash and investments held by the City on behalf of the Southwest Regional Communications Center, a Joint Venture that the City acts as fiscal agent for. See Note 11 for more information regarding the Joint Venture.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. With the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the Statement of Net Position.

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operating are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. Measurable means the amount of the transaction can be determined. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the fiscal year-end. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, and liabilities for accrued compensated absences and arbitrage rebate, which are recognized when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Cash Equivalents

The City's cash and cash equivalents are considered short-term, highly liquid investments with a maturity date within three months of the date acquired that are readily convertible to known amounts of cash and so near maturity that there is not significant risk of changes in value due to change in interest rates.

Investments

Investments consist of balances in privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (the "Act") Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as deferred revenue and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1. For the year ended September 30, 2021, the City had a tax rate of $.7015 per $100, of which $.5501 was allocated for general government, and $.1514 was allocated for payment of principal and interest on governmental activities long-term debt.

Receivables

Taxes and accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 90 days comprise the allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2021.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventories are valued at cost, using the first-in, and first-out method. The City utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures or expenses when used rather than when purchased.

Prepaid Items

Prepaid items represent payments for goods and services that were made in advance of receiving those goods or services. Prepaid items are valued under the consumption method, whereby they are recorded as expenditures or expenses when used rather than when purchased.

Restricted Assets

Certain proceeds from bonds, resources set aside for their repayment, and other restrictive agreements are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or contractual arrangements.

Capital Assets

Capital assets, which include land, buildings, infrastructure, improvements, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Assets	Use Lives Year)
Infrastructure, water and sewer system, and water line replacements	10 - 50
Buildings	32
Equipment and furniture	30-10
Capital lease equipment	shorter of 5 years or lease term

Compensated Absences

The City permits employees to accumulate to certain limits unused vacation, sick leave and compensatory time. For civilian and police employees, unused vacation leave may be accumulated to a maximum of 320 hours and unused sick leave may be accumulated to a maximum of 720 hours. For firefighters, unused vacation leave may be accumulated to a maximum of 480 hours and unused sick leave may be accumulated to a maximum of 1,080 hours. Liabilities for compensated absences are normally expected to be liquidated with expendable available financial resources and are recognized as governmental fund liabilities to the extent that they mature each period. Accrued compensated absences are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements when earned. Compensated absences are reported in governmental funds only if they have matured.

Unearned Revenues

Unearned revenues are reported when cash is received before the related performance or eligibility requirements are met. These relate primarily to the grant funds received in advance for the COVID-19 CARES Act and ARPA grants, which will be recognized in future years to the extent that funds are spent. The City also reports unearned revenues for facility rental payments received before the rental is used.

Long-term Debt

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt is recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses. Per the City's debt management policy, the total general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City is subject to a limit of 10% of the total assessed valuation of the City's tax rolls.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used, are recorded as transfers.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period and thus, will not be recognized as an outflow of resources (expense) until that time. The City has three items that qualify for reporting in this category.

- Deferred loss refunding - Reported in the proprietary fund and government-wide financial statements, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- Deferred outflows of resources for OPEB - these deferred outflows result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits, which is currently between 5.75 and 8.5 years, depending on the plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future reporting period and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

  Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	Debt Service	Nonmajor Governmental Funds	Total
Property taxes	$ 474,132	$ 158,411	$ -	$ 632,543
Hotel occupancy tax	-	-	106,930	106,930
Property assessments	-	-	35,629	35,629
Court fines and fees receivable	975,154	-	-	975,154
Ambulance	216,325	-	-	216,325
Alarm permits	22,129	-	-	22,129
Note receivable	-	115,000	-	115,000
Total	$ 1,687,740	$ 273,411	$ 142,559	$ 2,103,710

- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- Deferred gain on refunding - Reported in the proprietary fund and government-wide financial statements, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits Payments and refunds are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Other Post-Employment Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. Cash and Investments

As of September 30, 2021, the City's investments included privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. The investment pools are recorded at amortized costs and the remaining investments are recorded at their fair value measured with level 2 inputs.

The City participates in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Texas CLASS, the Texas Cooperative Liquid Asset Securities System (Trust Company) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. It is administered and managed by Public Trust Advisors, LLC and Wells Fargo Bank N.A. is the custodial bank. The primary objectives of Texas CLASS Investment Pool is to maintain safety of principal while providing participating government entities with the highest possible rate of return for invested funds. The City's amortized cost in the Texas CLASS Investment Pool is the same as the value of the pool shares.

Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates and may only restrict withdrawals in the event of a general banking moratorium or during a national state of emergency.

Credit Risk

In compliance with the City's investment policy as of September 30, 2021, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. The following is a listing of investments held at September 30, 2021:

	Recorded Value	Credit Quality Rating	Percentage of Investments	Weighted Average Maturity (Days)
Investment Type:				
Local Government Investment Pools:				
TexPool	$ 68,628	AAAm	0.08%	38
Texas CLASS	22,703,012	AAAm	25.44%	89
Total Local Government Investment Pools	22,771,640		25.51%	
Investment Securities:				
Certificates of Deposit	60,700,000	N/A	68.01%	57
Money Market & Insured Cash Sweep	5,781,140	N/A	6.48%	1
Total Investment Securities	66,481,140		74.49%	
	$ 89,252,780		100.00%	

Interest Rate Risk

In order to minimize risk of loss due to interest rate fluctuations, the City's investment policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

Operating Funds - The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity of each security and the maximum allowable maturity shall be there for years.

Debt Service Fund - The maximum maturity for securities purchased shall not exceed the corresponding debt service payment date.

Special Purpose Funds - The maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Custodial Credit Risk

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2021.

As of September 30, 2021, all of DDC's and DPDC's deposits were fully insured by FDIC insurance or collateralized.

3. Receivables

Accounts receivables at September 30, 2021, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Nonmajor Governmental	Total
Receivables:				
Property taxes	$ 1,000,668	$ 331,018	$ -	$ 1,331,686
Sales tax	2,144,030	-	-	2,144,030
Property assessments	-	-	35,629	35,629
Hotel occupancy taxes	-	-	103,980	103,980
Court fines	9,751,538	-	-	9,751,538
Ambulance	5,525,899	-	-	5,525,899
Franchise fees	1,061,215	-	-	1,061,215
Alarm permits	221,287	-	-	221,287
Other	124,401	-	85,950	210,351
Gross receivables	19,829,038	331,018	225,559	20,385,615
Less: allowance for uncollectible accounts	(14,830,130)	(164,856)	-	(14,994,986)
Net receivables	$ 4,998,908	$ 166,162	$ 225,559	$ 5,390,629

	Proprietary Funds			
	Public Utility	Drainage	Sanitation	Total
Customer accounts	$ 4,049,326	$ 199,515	$ 682,629	$ 4,931,470
Other	5,614	-	113	5,727
Gross receivables	4,054,940	199,515	682,742	4,937,197
Less: allowance for uncollectible accounts	(359,526)	(8,711)	(15,580)	(383,817)
Net receivables	$ 3,695,414	$ 190,804	$ 667,162	$ 4,553,380

Notes receivable September 30, 2021, were held by the Debt Service Fund and consist of the following:

	2021
DeSoto Park Development Corporation	$ 115,000
Total notes receivable	$ 115,000

See note 5 for discretely presented component units' terms of long-term debt.

4. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2021, is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,514,236	$ 3,600	$(136,102)	$ 9,381,734
Street/Alley ROW	14,072,949	-	-	14,072,949
Construction in progress	16,179,404	6,947,698	222,313	23,349,415
Total capital assets not being depreciated	39,766,589	6,951,298	86,211	46,804,098
Capital assets being depreciated:				
Buildings	42,733,911	31,162	-	42,765,073
Infrastructure	177,274,267	14,048	-	177,288,315
Equipment and furniture	17,180,477	1,113,288	(466,077)	17,827,688
Total assets being depreciated	237,188,655	1,158,498	(466,077)	237,881,076
Less accumulated depreciation for:				
Buildings	18,478,348	1,148,957	-	19,627,305
Infrastructure	108,417,347	5,360,062	-	113,777,409
Equipment and furniture	14,446,258	1,203,155	-	15,649,413
Total accumulated depreciation	141,341,953	7,712,174	-	149,054,127
Total capital assets being depreciated, net	95,846,702	(6,553,676)	(466,077)	88,826,949
Governmental activities capital assets, net	$ 135,613,291	$ 397,622	$(379,866)	$ 135,631,047

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,244,443	$ -	$ -	$ 1,244,443
Construction in progress	3,954,969	3,417,474	(681,435)	6,691,008
Total capital assets, not being depreciated	5,199,412	3,417,474	(681,435)	7,935,451
Capital assets being depreciated:				
Water and sewer system	92,324,158	-	681,435	93,005,593
Drainage system	13,655,290	-	-	13,655,290
Improvements	15,075,500	-	-	15,075,500
Equipment and furniture	2,358,506	150,999	(90,785)	2,418,720
Total assets being depreciated	123,413,454	150,999	590,650	124,155,103
Less accumulated depreciation for:				
Water and sewer system	52,461,366	2,382,271	-	54,843,637
Drainage system	6,616,748	538,477	-	7,155,225
Improvements	9,985,277	332,188	-	10,317,465
Equipment and furniture	1,894,708	152,646	(90,785)	1,956,569
Total accumulated depreciation	70,958,099	3,405,582	(90,785)	74,272,896
Total capital assets being depreciated, net	52,455,355	(3,254,583)	681,435	49,882,207
Business-type activities capital assets, net	$ 57,654,767	$ 162,891	$ -	$ 57,817,658

Capital assets activity for the discretely presented component units is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Park Development Corporation:				
Capital assets not being depreciated:				
Land	$ 11,250	$ -	$ -	$ 11,250
Total capital assets not being depreciated	11,250	-	-	11,250
Capital assets being depreciated:				
Improvements	5,324,530	-	-	5,324,530
Total assets being depreciated	5,324,530	-	-	5,324,530
Less accumulated depreciation for:				
Improvements	3,659,774	-	-	3,659,774
Total accumulated depreciation	3,659,774	-	-	3,659,774
Total capital assets being depreciated, net	1,664,756	-	-	1,664,756
DeSoto Park Development Corporation capital assets, net	$ 1,676,006	$ -	$ -	$ 1,676,006

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Economic Development Corporation:				
Capital assets being depreciated:				
Furniture and equipment	$ 69,879	$ -	$(69,879)	$ -
Less accumulated depreciation for:				
Furniture and equipment	69,879	-	(69,879)	-
Total capital assets being depreciated, net	-	-	-	-
DeSoto Economic Development Corporation capital assets, net	$ -	$ -	$ -	$ -

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Development Corporation:				
Capital assets being depreciated:				
Furniture and equipment	$ -	$ 69,879	$ -	$ 69,879
Less accumulated depreciation for:				
Furniture and equipment	-	69,879	-	69,879
Total capital assets being depreciated, net	-	-	-	-
DeSoto Development Corporation capital assets, net	$ -	$ -	$ -	$ -

As described in Note 13, DEDC's capital assets were transferred to DDC at their carrying value during the current year.

Depreciation

Depreciation expense was charged to functions/programs of the City as follows:

	Depreciation Expense
Primary government	
Governmental activities:	
General government	$ 423,824
Public safety	1,013,177
Development services	5,128,007
Parks and recreation	971,339
Library services	28,612
Financial services	22,439
Information technology	124,776
Total Governmental activities	7,712,174
Business-type activities:	
Water and sewer	2,676,828
Drainage	647,261
Sanitation	81,493
Total Business-type activities	3,405,582
Total primary government	$ 11,117,756

Construction commitments

The City has active construction projects as of September 30, 2021. At year end, the City's commitments with contractors were as follows:

Projects	Remaining Commitment
Street improvements	$ 5,096,515
Drainage	558,128
Water and sewer	686,400
Total Commitments	$ 6,341,043

5. Long-term Liabilities

Changes in the City's long-term liability activity for the year ended September 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds	$ 39,850,000	$ 1,980,000	$(6,200,000)	$ 35,630,000	$ 5,375,000
Certificates of obligation	11,310,000	16,085,000	(1,555,000)	25,840,000	260,000
Bond premium	4,981,002	3,385,777	(993,426)	7,373,353	-
Capital leases	925,765	-	(176,087)	749,678	180,577
Compensated absences	5,072,296	986,014	(815,386)	5,242,924	1,014,459
Total governmental activity Long-term liabilities	$ 62,139,063	$ 22,436,791	$(9,739,899)	$ 74,835,955	$ 6,830,036
Business-type activities:					
General obligation bonds	$ 3,520,000	$ 6,710,000	$(930,000)	$ 9,300,000	$ 945,000
Certificates of obligation	13,190,000	7,735,000	(7,780,000)	13,145,000	675,000
Bond premium	962,078	2,216,256	(295,045)	2,883,289	-
Compensated Absences	390,755	48,834	(8,936)	430,653	86,131
Total business-type activity Long-term liabilities	$ 18,062,833	$ 16,710,090	$(9,013,981)	$ 25,758,942	$ 1,706,131

Changes in the discretely presented component units' long-term liabilities for the year ended September 30, 2021, are as follows:

DeSoto Park Development Corporation	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue refunding bonds	$ 420,000	$ -	$(205,000)	$ 215,000	$ 215,000
Note payable	225,000	-	(110,000)	115,000	115,000
Total	$ 645,000	$ -	$(315,000)	$ 330,000	$ 330,000
DeSoto Economic Development Corporation					
Revenue refunding bonds	$ 985,000	$ -	$(985,000)	$ -	$ -
Premium on bond issuance	14,874	-	(14,874)	-	-
Compensated Absences	37,325	-	(37,325)	-	-
Note payable	280,000	-	(280,000)	-	-
Total	$ 1,317,199	$ -	$(1,317,199)	$ -	$ -
DeSoto Development Corporation					
Compensated Absences	$ -	$ 47,283	$(38,137)	$ 9,146	$ 1,829
Total	$ -	$ 47,283	$(38,137)	$ 9,146	$ 1,829

For governmental activities, compensated absences are generally liquidated by the General Fund.

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system that is generally limited to a nominal amount.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

Governmental Activities

General obligation bonds and certificates of obligation for Governmental Activities outstanding at September 30, 2021, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/21
2012 Refunding	3.0 - 5.0%	2/15/25	7,910,000
2013 Refunding	2.0 - 4.0%	2/15/25	800,000
2015 General Obligation	2.5 - 4.0%	2/15/30	2,515,000
2016 Refunding	2.0 - 3.0%	2/15/36	4,950,000
2016 Refunding (Taxable)	2.25 - 4.0%	2/15/36	1,345,000
2017 Refunding	2.0 - 4.0%	2/15/37	12,115,000
2019 General Obligation	3.0 - 4.0%	2/15/39	4,055,000
2020A General Obligation Refunding	0.43 - 2.13%	2/15/33	900,000
2020B General Obligation Refunding	2.0 - 5.0%	2/15/31	1,040,000
Total general obligation bonds			35,630,000
Certificates of Obligation:			
2015 Tax and Revenue	2.5 - 3.5%	2/15/30	1,585,000
2016 Tax and Revenue	2.5 - 4.0%	2/15/36	790,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	3,125,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,255,000
2020 Tax and Revenue	2.0 - 5.0%	2/15/40	16,085,000
Total certificates of obligation			25,840,000
Total bonds and certificates payable			$ 61,470,000

Business-Type Activities

General obligation bonds and certificates of obligation for Business-Type Activities outstanding at September 30, 2021, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/21
2012 Refunding Bonds	3.0 - 5.0%	2/15/25	$ 630,000
2013 Refunding Bonds	2.0 - 4.0%	2/15/25	105,000
2016 Refunding Bonds	2.0 - 3.0%	2/15/26	385,000
2017 Refunding Bonds	2.0 - 4.0%	2/15/37	1,770,000
2020A General Obligation Refunding	0.43 - 2.13%	2/15/33	2,530,000
2020B General Obligation Refunding	2.0 - 5.0%	2/15/31	3,880,000
Total general obligation bonds			9,300,000
Certificates of Obligation:			
2013 Tax and Revenue	2.0 - 3.5%	2/15/33	365,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	805,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,570,000
2020 Tax and Revenue	2.0 - 5.0%	2/15/40	7,405,000
Total certificates of obligation			13,145,000
Total bonds and certificates			$ 22,445,000

Component Units

Revenue bonds and notes payable for Component Units outstanding at September 30, 2021, consist of the following individual issues:

DeSoto Park Development Corporation	Interest Rate	Final Maturity Date	Outstanding 09/30/21
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/22	$ 215,000
Notes Payable:			
City of DeSoto - 2012 GOs	3.0 - 5.0%	2/15/25	115,000
Total bonds and notes payable			$ 330,000

As part of the dissolution DeSoto Economic Development Corporation ("DEDC") during the current year, the EDC called all of its existing bonds and paid them off using current resources. An agreement with the City dissolved the note payable to the City in exchange for a cash contribution into the Series 2020A bond refunding. Additionally, the liability for compensated absences was assumed by the DeSoto Development Corporation.

Amortization Schedules

The annual requirements to amortize long term debt as of September 30, 2021, are as follows:

General Obligation Bonds

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2022	$ 5,375,000	$ 1,282,796	$ 945,000	$ 345,358
2023	5,080,000	1,072,539	915,000	317,953
2024	4,740,000	860,499	1,275,000	234,103
2025	4,690,000	655,189	1,265,000	207,686
2026	3,350,000	492,933	905,000	177,552
2027-2031	7,890,000	1,189,168	3,685,000	1,924,600
2032-2036	3,340,000	443,770	310,000	10,685
2037-2040	1,165,000	47,525	-	-
Total	$ 35,630,000	$ 6,044,419	$ 9,300,000	$ 3,217,937

Certificates of Obligation

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2022	260,000	$ 331,375	$ 675,000	$ 1,105,550
2023	365,000	321,900	700,000	1,088,125
2024	375,000	311,388	525,000	1,072,050
2025	385,000	299,963	535,000	1,057,300
2026	1,415,000	905,400	560,000	395,350
2027-2031	7,865,000	3,538,209	3,195,000	1,564,966
2032-2036	8,630,000	1,775,558	3,895,000	878,567
2037-2040	6,545,000	480,328	3,060,000	211,447
Total	$ 25,840,000	$ 7,964,121	$ 13,145,000	$ 7,373,355

Notes Payable

	DPDC	
Fiscal Year	Principal	Interest
2022	$ 115,000	$ 2,875
Total	$ 115,000	$ 2,875

Revenue Refunding Bonds

	DPDC	
Fiscal Year	Principal	Interest
2022	$ 215,000	$ 4,300
Total	$ 215,000	$ 4,300

New Debt Issuances

In October 2020, the City issued its Combination Tax & Revenue Certificates of Obligation, Series 2020, in the amount of $23,820,000. The net proceeds of $27,908,000 (including a premium of $4,383,563 net of issuance costs of $295,563) will be used to fund certain capital projects including parks and fire station renovations, street improvements, and water and sewer system improvements. The Certificates are pledged by ad valorem property tax revenues and a pledge of water and sewer system revenues not to exceed $1,000. The Certificates bear interest ranging from 2% to 5% per annum and mature in series from 2021 through 2040.

Current Refunding of Long-Term Debt

In November 2020, the City issued General Obligation Refunding Bonds, Tax-Exempt Series 2020B in the amount of $5,180,000, for the purpose of refunding a portion of existing bonds at a present value savings. The bonds bear interest from 2% to 5% and mature in series from fiscal years 2021 through 2033.

The proceeds were used to refund portions of multiple bonds totaling $5,900,000, which were called within 90 days of the refunding date and are now extinguished. The refunding transaction reduced the City's total debt service payments by $884,439 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $834,385. The reacquisition price exceeded the net carrying amount of the old debt by $184,018. This insignificant amount was expensed in the current year instead of amortizing over the remaining life of the refunded debt.

Advance Refunding of Long-Term Debt

In October 2020, the City issued its General Obligation Refunding Bonds, Taxable Series 2020A in the amount of $3,510,000, for the purpose of refunding a portion of existing bonds at a present value savings. The bonds bear interest from 0.4% to 2.1% and mature in series from fiscal years 2021 through 2033.

The transaction refunded portions of two existing bonds totaling $3,465,000. The bonds had scheduled maturities ranging from 2021 to 2025. Of that amount, $435,000 was called during the current year and the remaining bonds will be callable in fiscal year 2023. The net proceeds of $3,703,565 (including a $287,675 premium before payment of underwriting fees and other issuance costs) from the new debt have been placed in an irrevocable escrow account to pay future debt service until the call dates. Thus, the old bonds are considered defeased and have been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by $378,113. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt. The advance refunding reduced the City's total debt service payments by $492,814 to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $193,017.

Defeased Debt

In prior years and during the current year, the City defeased, certain debt by placing the proceeds of the new bonds in an irrevocable trust, to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. As of September 30, 2021, the total amount of defeased bonds still outstanding is $2,830,000 and will be callable in fiscal year 2023.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These leases qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The cost of equipment purchased with capital leases is $2,759,762, and accumulated depreciation is $2,734,384, with a carrying value of $25,378 as of September 30, 2021.

The following is a schedule of the future minimum lease payments under these agreements and the present value of the net minimum lease payments as of September 30, 2021:

Fiscal Year	Amount
2022	$ 198,377
2023	198,377
2024	198,377
2025	198,377
Minimum lease payments	793,508
Less: amount representing interest	(43,830)
Total	$ 749,678

6. Interfund Balances and Transfers

Due to/from Other Funds

There composition of interfund balances outstanding as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Nonmajor Governmental	$ 33,889	Advances for expenditure driven grants
Public Utility	General	31,540	Advances for payroll expenditures
Drainage	General	11,916	Advances for payroll expenditures
Sanitation	General	8,957	Advances for payroll expenditures
Fiduciary Fund	General	5,737	Advances for payroll expenditures
Nonmajor Governmental	General	26,040	Advances for payroll expenditures
Totals		$ 118,079	

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2021, is as follows:

Transfer From	Transfer To	Amount	Purpose
General fund	Debt service	$ 235,564	To fund debt service
	Street Improvement	544,774	Street improvement projects
	Public Facilities Cap. Imp.	1,256,000	To supplement capital projects funding
	Nonmajor governmental	743,590	To supplement capital projects
Public Facilities Cap. Imp.	General fund	1,000,000	To supplement grant funding
Debt service	General fund	26,300	Miscellaneous
Nonmajor governmental	General fund	183,200	Miscellaneous
	Street Improvement	159,915	Street improvement projects
	Public Facilities Cap. Imp.	850,000	To supplement capital projects funding
	Nonmajor governmental	18,085	Miscellaneous
Public utility	General fund	2,124,808	PILOT, franchise fees, energy management grant, and maintenance and equipment
		$ 7,142,236	

7. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% Repeating
Annuity increase to retirees:	30% of CPI repeating
Supplemental death benefit - employees and retirees	Yes

The employer contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage. There is an optional higher maximum rate that may be applied in certain circumstances if elected by participating cities, or a city may elect to remove the maximum rate.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	275
Inactive employees entitled to but not yet receiving benefits	279
Active employees	340
Total	894

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.94% and 11.06% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for pension benefits for the year ended September 30, 2021, were $2,892,746, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum. The city should insert the plan provisions that they have adopted. For example, the city may include retirement eligibility, employee and employer deposit rates, vesting requirements, and other provisions such as cost-of-living adjustments or updated service credit. Plan provisions, by city, are included in the last section of TMRS' Annual Comprehensive Financial Report (ACFR). The city may also want to refer to TMRS' Plan Description footnote, in the TMRS ACFR, to obtain additional language regarding the pension plan. mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2019	$ 128,899,572	$ 125,852,661	$ 3,046,911
Changes for the year:			
Service cost	4,175,333	-	4,175,333
Interest	8,650,618	-	8,650,618
Change In Assumptions	-	-	-
Difference between expected and actual experience	1,211,242	-	1,211,242
Contributions - employer	-	2,804,035	(2,804,035)
Contributions - employee	-	1,794,385	(1,794,385)
Net investment income	-	9,549,774	(9,549,774)
Benefit payments, including refunds of employee contributions	(5,659,866)	(5,659,866)	-
Administrative expense	-	(61,815)	61,815
Other changes	-	(2,412)	2,412
Net changes	8,377,327	8,424,101	(46,774)
Balance at 12/31/2020	$ 137,276,899	$ 134,276,762	$ 3,000,137

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability/(asset)	$ 22,315,712	$ 3,000,137	$(12,846,194)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized a pension expense of $1,480,997.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,144,057	$ 329,779
Changes in actuarial assumptions	164,526	-
Difference between projected and actual investment earnings	-	3,561,184
Contributions subsequent to the measurement date	2,128,137	-
Total	$ 3,436,720	$ 3,890,963

$2,128,137 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2022	$(1,043,696)
2023	585,838
2024	(1,913,576)
2025	(210,946)

8. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Plan

Plan Description

The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	189
Inactive employees entitled to but not yet receiving benefits	53
Active employees	340
Total	582

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.21% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

For the year ended September 30, 2021, the City paid contributions of $24,040, which equaled the required contributions and represents both the current and retired employee contributions.

Actuarial Assumptions

The City's Total OPEB Liability ("TOL") was measured at December 31, 2020 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation rate	2.50%
Actuarial cost method	Entry Age Normal
Discount rate	2.00%
Projected salary increases	3.5% to 11.5% including inflation

Changes in Total OPEB Liability

Changes in Total OPEB Liability	
Total OPEB Liability - Beginning	$ 1,237,784
Changes for the year:	
Service cost	64,039
Interest on total OPEB liability	34,779
Differences between expected and actual experience	(26,082)
Changes in assumptions or other inputs	207,152
Benefit payments	(10,246)
Net Changes in Total OPEB Liability	269,642
Total OPEB Liability - Ending	$ 1,507,426

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.00%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
$ 1,860,402	$ 1,507,426	$ 1,239,971

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2021, the City recognized OPEB expense of $162,533 relating to the SDBF plan.

As of September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual economic experience	$ -	$ 40,751
Difference in assumption changes	329,536	36,937
Employer contributions subsequent to the measurement date	21,166	-
Totals	$ 350,702	$ 77,688

The $21,166 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2022. Amounts currently reported as deferred outflows and inflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	$ 63,715
2023	63,715
2024	51,910
2025	54,274
2026	18,234

Health Insurance

In addition to providing pension benefits, retired employees are entitled to elect continuation coverage under the City's group accident and health insurance plan. The City revised its health care plan which requires that retirees pay the full cost of their health care as determined by the City's health care provider. The health care provider segregates the retired employees and calculates the healthcare costs for that group. Therefore, the City does not have an implicit cost for retired employees' health care coverage and no liability for postretirement benefits.

9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with IRC 457. The plan, available to all permanent City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. Participants' rights under the plan are in an amount equal to the fair value of the deferred account for each participant. Investments that are held by an outside trustee in the deferred compensation plan are not reported in the City's financial statements as the City maintains no fiduciary responsibility for such assets.

10. Commitments and Contingencies

Trinity River Authority of Texas

In November 1983, the City and other area municipalities entered into a contract with the Trinity River Authority (the "Authority") for utilization of the Authority's sewer transmission and treatment facilities. Under the contract, the City is required to pay a portion of the annual cash requirement to operate the facility determined by dividing the actual number of gallons discharged into the system by the City by the total number of gallons discharged by all of the participating cities. Accordingly, the future obligations of the City in connection with the contract cannot be estimated since payment varies in direct relationship to gallons discharged. The City has no ownership interest in the Authority or in conjunction with other participating cities.

Total payments made by the City under the contract amounted to $7,621,885 for 2021. The payments are reflected in the accompanying statement of revenues, expenses and changes in net position of the Public Utility Fund. Under the terms of the contract, the City is obligated to make payments for the use of the facilities for the life of the facilities. Further, revenue of the Public Utility Fund are pledged to support payments due the Authority in accordance with the terms of the contract. Such payments are considered operating expenses and, therefore, have priority over principal and interest due on revenue bonds.

State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, would not be material.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the City purchased commercial insurance to cover these general liabilities from the Texas Municipal League Risk Pool ("TML"). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain the risk of losses. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

DeSoto Development Corporation (DDC)

As of September 30, 2021, the DDC had approved several grants totaling approximately $22,345,000, payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City.

DDC grant commitments are scheduled as follows:

Fiscal Year	Amount
2022	$ 1,422,000
2023	2,345,000
2024	1,472,000
2025	1,022,000
2026	1,022,000
2027-2031	3,102,000
2032-2036	2,600,000
2037-2041	2,600,000
2042-2046	2,480,000
2047-2051	2,400,000
2052-2055	1,920,000
Total	$ 22,385,000

Danieldale Public Improvement District (PID)

In March 2020, the City accepted a petition to authorize the creation of a Public Improvement District in accordance with Chapter 372 of the Texas Local Government Code. The PID was created for the purpose of making improvements to a designated geographic area by levying a special property assessment on the property within that area. Project costs will initially be paid for using current assessments, but the City may issue debt in the future with the assessment pledged to service that debt. In accordance with the enabling legislation, City Council has the authority to approve and modify the special assessment, appoint administration, and authorize all debt issuances. The PID is accounted for in the Public Improvement District Fund, a nonmajor special revenue fund. For 2021, the special assessment was $536,227 and the City has collected 93.36% of that total.

Other Contingencies

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management and based on consultation with the City's attorney, the City's potential liability in these matters will not have a material impact on the financial statements.

11. Joint Ventures

Southwest Regional Communications Center

The Southwest Regional Communications Center (the Center) provides police, fire, medical aid and emergency service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. To date, the participating cities have been DeSoto, Duncanville, and Cedar Hill. During fiscal year 2021, the City contributed $850,620 to the operations of the Center. The City also serves as the contracted fiscal agent of the Center and holds the Center's cash to process day-to-day transactions; these activities are presented in the custodial fund. The Center issues separate financial statements available from the City's Financial Services Department. The City has a 100% stake in the building owned by the Center, and a one-third share in the Center's residual equity excluding the building. The City's equity interest in the joint venture as of September 30, 2021, was $218,008 and is reported in the government wide Statement of Net Position.

Regional Animal Control Shelter

The City also entered into an annually renewable Interlocal Cooperation agreement with the cities of Cedar Hill and Duncanville on September 3, 1991, to establish a Regional Animal Control Shelter facility ("facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2021, the City contributed $291,108 to the operations of the facility. The City has a one-third share in the equity of the facility, accounted for in the government wide Statement of Net Position. The value of the City's share in the equity of the facility as of September 30, 2021, is $602,538. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P. O. Box 96, Cedar Hill, TX 75106-0096.

12. Tax Abatements

The City's Economic Development Incentive Program, authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380, enables the City to provide grants or reimbursements from the City's general fund or economic development corporation. The City will judge each project applying for incentives under the City's Economic Development Program based on 1) the amount of tax revenues the City expects to be generated by the operation of the commercial enterprise, 2) the extent of economic enhancement and stimulation that the City will derive from location and/or operation of the commercial enterprise's business, 3) the number and quality of new employment opportunities which the City expects will result, directly and indirectly, from the operation of the commercial enterprise, and 4) the availability and priority of funding and resources the City currently has to participate in an incentive program.

Businesses that have an Economic Development Incentive agreement with the City are eligible to receive a reimbursement of property and/or sales and use taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. Requirements generally include the construction or expansion of certain retail, manufacturing, or warehousing facilities within the City limits, and maintenance of employment levels on an ongoing basis. For the fiscal year ended September 30, 2021, the City rebated $2,681,845 in sales tax and $1,706,569 in property taxes.

13. Special Item – Combination of Government Entities

In November 2020, citizens voted to pass a resolution dissolving the DeSoto Economic Development Corporation ("DEDC") and authorizing the creation of the DeSoto Development Corporation ("DDC") and transfer of all DEDC assets and operations to DDC. Both entities are discretely presented component units of the City. The purpose of the combination was to transition the related economic development activities from a "Type A" into a "Type B" sales tax model, as defined by the Texas Local Government Code. This expands the types of economic development projects and incentives that may be undertaken by DDC in the future.

The combination date for assets and liabilities was April 19, 2021; on that day, the EDC and DDC boards ratified an agreement to assign all of DEDC's assets and contracts to DDC. To align with State of Texas regulations, expenditures were generally transitioned based on whether the expenditures were incurred before or after November 3, 2020, the date of the election measure's approval; sales tax revenues were assumed by DDC for sales taxes incurred after July 1, 2021, the date that the Type B sales tax took effect.

As of the combination date of April 19, 2021, EDC carried the following balances:

	April 19, 2021
Assets:	
Current assets	$ 2,824,839
Total assets	$ 2,824,839
Liabilities:	
Current liabilities	$ 129
Long-term liabilities	37,125
Total liabilities	$ 37,254
Net Position:	
Unrestricted	$ 2,787,585
Total net position	$ 2,787,585

Additionally, as of September 30, 2021, DEDC transferred all remaining residual balances related to Type A sales taxes collected in the remainder of the year. The liquidation of DEDC resulted in a special item of $5,022,152 reported between the component units in the statement of activities.

14. Significant Upcoming Accounting Standards

The Governmental Accounting Standards Board (GASB) issued the following statements which become effective for fiscal years 2022 and 2023.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classifies as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for the City in fiscal year 2023.

REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 25,447,840	$ 25,483,183	$ 26,641,569	$ 1,158,386
Sales taxes	7,735,000	7,735,000	10,523,359	2,788,359
Franchise fees and other	3,070,000	3,070,000	2,826,229	(243,771)
Fines and forfeitures	1,141,000	1,141,000	943,631	(197,369)
Licenses and permits	1,132,000	1,132,000	1,443,363	311,363
Intergovernmental	386,550	649,850	2,572,590	1,922,740
Charges for services	2,194,330	2,194,330	1,759,329	(435,001)
Investment earnings	102,200	102,200	384,089	281,889
Recreation services	557,835	557,835	393,522	(164,313)
Miscellaneous	183,130	183,130	252,206	69,076
Total revenues	41,949,885	42,248,528	47,739,887	5,491,359
EXPENDITURES				
Current:				
General government	3,421,153	5,896,229	5,392,027	504,202
Public safety:				
Police	11,192,004	11,243,025	10,995,403	247,622
Fire	8,719,486	8,719,486	9,309,098	(589,612)
Development services	6,918,605	6,924,122	5,617,799	1,306,323
Financial services	1,460,196	1,460,196	1,193,453	266,743
Municipal court	694,151	694,151	597,806	96,345
Information technology	2,649,593	1,649,593	1,553,672	95,921
Human resources	763,216	763,216	641,503	121,713
Parks and recreation	3,974,295	3,960,466	3,304,476	655,990
Library services	1,461,515	1,461,515	1,257,768	203,747
Debt service - interest	-	-	3,331	(3,331)
Capital outlay	4,758,723	6,232,868	1,411,141	4,821,727
Total expenditures	46,012,937	49,004,867	41,277,477	7,727,390
Excess (deficiency) of revenues over expenditures	(4,063,052)	(6,756,339)	6,462,410	13,218,749
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	50,000	50,000	73,171	23,171
Insurance recoveries	85,000	112,400	181,550	69,150
Transfers in	3,334,308	3,334,308	3,334,308	-
Transfers out	(2,779,928)	(2,779,928)	(2,779,928)	-
Total other financing sources (uses)	689,380	716,780	809,101	92,321
NET CHANGE IN FUND BALANCE	(3,373,672)	(6,039,559)	7,271,511	13,311,070
FUND BALANCE - BEGINNING	33,239,424	33,239,424	33,239,424	-
FUND BALANCE - ENDING	$ 29,865,752	$ 27,199,865	$ 40,510,935	$ 13,311,070

Budgetary Information

The City follows these procedures in establishing its annual budget:

1) Prior to August 1, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1.

2) Public hearing is conducted to obtain taxpayer comments.

3) The budget is legally enacted by the City Council through passage of an ordinance prior to October 1.

4) Any revisions that alter the total budgeted expenditures of the Enterprise of Governmental Funds must be approved by the City Council.

5) Formal budgetary integration is employed as a management control device during the year for the General Fund.

6) Unused appropriations lapse at fiscal year-end and may not be carried over to the following fiscal year.

7) The City Manager is authorized to adjust budget amounts; however, such revisions may not result in total budgeted expenditures (appropriations) in excess of budgeted revenues at the fund level without the approval of City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the Fund level.

8) During the year, there was no need for any significant amendments to increase the original estimated revenues. However, there was a need to make an amendment to original budgeted appropriations for the general government function as a response to COVID-19. Thus, appropriations in the general government function were increased by $2,475,076. Additionally, capital outlay appropriations were increased by $1,474,145 for capital equipment. A large portion of this increase was reclassifying appropriations from information technology, $1 million, the remainder was an increase to appropriations of the fund.

9) Budgetary schedules are presented for all funds with legally adopted budgets. The ARPA Grant Fund, Homeland Security Grant Fund and Public Improvement District Fund do not have legally adopted budgets and accordingly budget information is not presented for these funds.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the Debt Service Fund by $437,863. This resulted from the recognition of bond issuance costs for refunding bonds not being included in the approved budget; this overage was covered by the proceeds from the refunding bonds.

Expenditures also exceeded appropriations in the Community Development Block Grant Fund, a nonmajor governmental fund, by $1,918. This overage was caused by timing differences between fiscal years when grant funds were actually expended, and was funded with existing fund balance.

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Measurement Date December 31,	**2020**	**2019**
Total pension liability		
Service cost	$ 4,175,333	$ 3,938,051
Interest on total pension liability	8,650,618	8,150,857
Changes of benefit terms	-	-
Difference between expected and actual experience	1,211,242	555,198
Change of assumptions	-	346,322
Benefit payments/refunds of contributions	(5,659,866)	(5,750,524)
Net change in total pension liability	8,377,327	7,239,904
Total pension liability, beginning	128,899,572	121,659,668
Total pension liability, ending (a)	$ 137,276,899	$ 128,899,572
Plan fiduciary net position		
Contributions - employer	$ 2,804,035	$ 2,632,593
Contributions - employee	1,794,385	1,686,016
Net investment income	9,549,774	17,052,625
Benefit payments/refunds of contributions	(5,659,866)	(5,750,524)
Administrative expenses	(61,815)	(96,380)
Other	(2,412)	(2,895)
Net change in fiduciary net position	8,424,101	15,521,435
Fiduciary net position, beginning	125,852,661	110,331,226
Fiduciary net position, ending (b)	$ 134,276,762	$ 125,852,661
Net pension liability = (a)-(b)	3,000,137	3,046,911
Fiduciary net position as a percentage of total pension liability	97.81%	97.64%
Covered payroll	$ 25,612,477	$ 24,085,941
Net Pension liability as a percentage of covered payroll	11.71%	12.65%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

2018	2017	2016	2015	2014
$ 3,696,781	$ 3,635,681	$ 3,465,471	$ 3,177,007	$ 2,763,679
7,824,071	7,474,629	7,110,831	6,960,684	6,674,548
-	-	-		(4,591,077)
(987,632)	(366,786)	(292,389)	(1,294,146)	(710,026)
-	-	-	1,862,527	-
(5,874,410)	(5,327,389)	(4,624,192)	(5,261,823)	(4,432,593)
4,658,810	5,416,135	5,659,721	5,444,249	(295,469)
117,000,858	111,584,723	105,925,002	100,480,753	100,776,222
$ 121,659,668	$ 117,000,858	$ 111,584,723	$ 105,925,002	$ 100,480,753
$ 2,542,237	$ 2,483,717	$ 2,198,752	$ 2,208,445	$ 2,324,637
1,584,658	1,553,710	1,482,781	1,420,874	1,388,154
(3,462,817)	14,239,492	6,568,321	145,745	5,386,759
(5,874,655)	(5,327,389)	(4,624,192)	(5,261,823)	(4,432,593)
(66,931)	(73,795)	(74,183)	(88,773)	(56,242)
(3,498)	(3,740)	(3,997)	(4,385)	(4,624)
(5,281,006)	12,871,995	5,547,482	(1,579,917)	4,606,091
115,612,232	102,740,237	97,192,755	98,772,672	94,166,581
$ 110,331,226	$ 115,612,232	$ 102,740,237	$ 97,192,755	$ 98,772,672
11,328,442	1,388,626	8,844,486	8,732,247	1,708,081
90.69%	98.81%	92.07%	91.76%	98.30%
$ 22,637,970	$ 22,195,857	$ 21,182,583	$ 20,248,609	$ 19,817,910
50.04%	6.26%	41.75%	43.13%	8.62%

CITY OF DESOTO, TEXAS

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 2,892,746	$ 2,656,236	$ 2,542,237	$ 2,547,550
Contributions in relation to the actuarially determined contribution	2,892,746	2,656,236	2,542,237	2,547,550
Contribution deficiency (excess)	-	-	-	-
Covered payroll	26,230,874	24,362,584	23,845,895	22,704,936
Contributions as a percentage of covered payroll	11.0%	10.9%	10.7%	11.2%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

2017	2016	2015	2014	2013	2012
$ 2,402,016	$ 2,278,194	$ 2,245,773	$ 2,332,905	$ 2,284,542	$ 2,381,834
2,402,016	2,278,194	2,245,773	2,332,905	2,284,542	2,381,834
-	-	-	-	-	-
21,840,500	21,674,821	20,202,038	19,678,012	19,145,770	18,402,485
11.0%	10.5%	11.1%	11.9%	11.9%	12.9%

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Measurement Date December 31,	**2020**	**2019**	**2018**	**2017**
Total OPEB liability				
Service cost	$ 64,039	$ 50,580	$ 49,804	$ 44,392
Interest on total OPEB liability	34,779	36,682	33,400	32,369
Difference between expected and acutal experience	(26,082)	(11,795)	(23,044)	-
Changes in assumptions	207,152	203,697	(72,685)	80,007
Benefit payments	(10,246)	(9,634)	(6,791)	(6,659)
Net change in total OPEB liability	269,642	269,530	(19,316)	150,109
Total OPEB liability, beginning	1,237,784	968,254	987,570	837,461
Total OPEB liability, ending (a)	$ 1,507,426	$ 1,237,784	$ 968,254	$ 987,570
Covered-employee payroll	$ 25,612,477	$ 24,085,941	$ 22,637,970	$ 22,704,936
Total OPEB liability as a percentage of covered payroll	5.89%	5.14%	4.28%	4.35%

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.
Note: Changes in assumptions reflect changes in the discount rate.

NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Regional Jail - To account for restricted revenues and expenditures of the regional jail operation utilized by the cities of DeSoto and Lancaster. The facilities house arrested persons for a maximum of 72 hours.

Municipal Court Fund - To account for municipal court fees collected through the court to provide for various municipal court security features or to enhance existing operations through technology.

Police-Seized Assets Fund - Accounts for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified police department purposes.

Police Grants Fund - To account for grant funding received to support police operations.

Homeland Security Grant Fund - To account for grant funding received for homeland security purposes.

Hotel Occupancy Tax Fund - To account for tax revenue collected as a percentage of gross receipts for all hotel and motel temporary room rentals within the City. The funds are expended to promote tourism and culture in the City.

Health Facilities Development Corporation - Blended component unit whose purpose is to assist with the development of health care facilities for the maintenance of the public health in the City.

Housing Finance Corporation - Blended component unit whose purpose is to assist with the financing of residential developments in the City.

Industrial Development Authority, Inc. - Blended component unit whose purpose is to promote and develop commercial, industrial, manufacturing and medical research enterprises in the City.

Community Development Block Grant - To account for federal awards from the U.S. Department of Housing and Urban Development for community development.

Public Improvement District Fund – To account for the levy of special assessments and expenditures for improvements within the Danieldale Homestead PID.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Parks Capital Improvement Fund - To account for the purchase and improvement of the City’s parks. Financing is provided by general obligation bonds and contributions from developers.

Fire Station Bond Project Fund - These funds account for the constructing, improving and equipping fire-fighting facilities and equipping park and recreation facilities within the City. General obligation bonds provide the financing.

Park Improvement Fund - These funds account for the financial and construction costs of various park improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

City Improvement Fund - These funds will assist with future economic growth and improvement projects in the City.

CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			
	Regional Jail	Municipal Court	Police Seized Assets	Police Grants
ASSETS				
Cash and investments	$ 672,276	$ 259,680	$ 281,505	$ 76,444
Receivables, net:				
Taxes	-	-	-	-
Accounts	85,837	-	-	-
Due from other funds	25,925	115	-	-
Prepaid items	-	-	3,003	-
Total assets	784,038	259,795	284,508	76,444
LIABILITIES				
Accounts payable	5,685	341	2,993	5,352
Accrued liabilities	43,672	1,835	-	111
Due to other funds	-	-	-	-
Unearned revenues	-	-	6,025	-
Total liabilities	49,357	2,176	9,018	5,463
DEFERRED INFLOWS OF RESOURCES				
Unavaliable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - prepaid items	-	-	3,003	-
Restricted for:				
Public safety	734,681	257,619	-	70,981
Economic development	-	-	272,487	-
Capital projects	-	-	-	-
Committed:				
Public health	-	-	-	-
Development	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Total fund balances	734,681	257,619	275,490	70,981
Total liabilities and fund balances	$ 784,038	$ 259,795	$ 284,508	$ 76,444

Special Revenue Funds							Capital Projects Funds
Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority	Community Development Block Grant	Public Improvement District	Parks Capital Improvement
$ 1,540	$ 2,888,378	$ 19,212	$ 119,554	$ 30,420	$ 184,163	$ 502,959	$ 640
-	103,980	-	-	-	-	-	-
-	113	-	-	-	-	35,629	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,540	2,992,471	19,212	119,554	30,420	184,163	538,588	640
-	49,678	-	-	-	147,079	5,557	-
-	-	-	-	-	-	-	-
-	-	-	-	-	33,889	-	-
-	100	-	-	-	-	-	-
-	49,778	-	-	-	180,968	5,557	-
-	106,930	-	-	-	-	35,629	-
-	106,930	-	-	-	-	35,629	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,835,763	-	-	-	-	-	-
-	-	-	-	-	-	497,402	640
1,540	-	19,212	-	-	-	-	-
-	-	-	119,554	30,420	3,195	-	-
-	-	-	-	-	-	-	-
1,540	2,835,763	19,212	119,554	30,420	3,195	497,402	640
$ 1,540	$ 2,992,471	$ 19,212	$ 119,554	$ 30,420	$ 184,163	$ 538,588	$ 640

CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Capital Projects Funds			
	Fire Station Bond Project	Park Improvement	City Improvement	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 139,358	$ 7,505,992	$ 2,157,418	$ 14,839,539
Receivables, net:				
Taxes	-	-	-	103,980
Accounts	-	-	-	121,579
Due from other funds	-	-	-	26,040
Prepaid items	-	-	-	3,003
Total assets	139,358	7,505,992	2,157,418	15,094,141
LIABILITIES				
Accounts payable	2,400	163,494	-	382,579
Accrued liabilities	-	-	-	45,618
Due to other funds	-	-	-	33,889
Unearned revenues	-	-	-	6,125
Total liabilities	2,400	163,494	-	468,211
DEFERRED INFLOWS OF RESOURCES				
Unavaliable revenue	-	-	-	142,559
Total deferred inflows of resources	-	-	-	142,559
FUND BALANCES				
Nonspendable - prepaid items	-	-	-	3,003
Restricted for:				
Public safety	-	-	-	1,063,281
Economic development	-	-	-	3,108,250
Capital projects	-	7,037,758	-	7,535,800
Committed:				
Public health	-	-	-	20,752
Development	-	-	-	153,169
Assigned:				
Capital projects	136,958	304,740	2,157,418	2,599,116
Total fund balances	136,958	7,342,498	2,157,418	14,483,371
Total liabilities and fund balances	$ 139,358	$ 7,505,992	$ 2,157,418	$ 15,094,141

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			
	Regional Jail	Municipal Court	Police Seized Assets	Police Grants
REVENUES				
Hotel occupancy tax	$ -	$ -	$ -	$ -
Property assessments	-	-	-	-
Fines and fees	-	42,956	-	-
Intergovernmental	1,345,000	-	201,393	24,996
Charges for services	25,441	-	-	-
Investment earnings	1,525	582	328	-
Miscellaneous	1,117	8,500	31,301	-
Total revenues	1,373,083	52,038	233,022	24,996
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	1,226,907	-	70,075	5,689
Development services	-	-	-	-
Municipal court	-	60,304	-	-
Parks and recreation	-	-	-	-
Debt service:				
Bond issuance cost	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,226,907	60,304	70,075	5,689
Excess (deficiency) of revenue over expenditures	146,176	(8,266)	162,947	19,307
OTHER FINANCING SOURCES (USES)				
Long-term debt issuance	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfer in	-	30,000	-	3,675
Transfer out	(22,000)	(11,200)	-	-
Total other financing sources (uses)	(22,000)	18,800	-	3,675
NET CHANGE IN FUND BALANCES	124,176	10,534	162,947	22,982
FUND BALANCES - BEGINNING	610,505	247,085	112,543	47,999
FUND BALANCES - ENDING	$ 734,681	$ 257,619	$ 275,490	$ 70,981

Special Revenue Funds							Capital Projects Funds
Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority	Community Development Block Grant	Public Improvement District	Parks Capital Improvement
$ -	$ 1,065,522	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	500,598	-
-	-	-	-	-	-	-	-
-	-	-	-	-	245,535	-	-
-	5,685	-	-	-	-	-	-
-	9,333	7	-	12	189	-	489
-	-	-	-	-	-	-	-
-	1,080,540	7	-	12	245,724	500,598	489
-	313,610	-	-	-	-	23,654	-
-	-	-	-	-	-	-	-
-	-	-	-	-	312,700	-	-
-	-	-	-	-	-	-	-
-	234,343	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	547,953	-	-	-	312,700	23,654	-
-	532,587	7	-	12	(66,976)	476,944	489
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(328,000)
-	-	-	-	-	-	-	(328,000)
-	532,587	7	-	12	(66,976)	476,944	(327,511)
1,540	2,303,176	19,205	119,554	30,408	70,171	20,458	328,151
$ 1,540	$ 2,835,763	$ 19,212	$ 119,554	$ 30,420	$ 3,195	$ 497,402	$ 640

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Capital Projects Funds			
	Fire Station Bond Project	Park Improvement	City Improvement	Total Nonmajor Governmental Funds
REVENUES				
Hotel occupancy tax	$ -	$ -	$ -	$ 1,065,522
Property assessments	-	-	-	500,598
Fines and fees	-	-	-	42,956
Intergovernmental	-	200,000	-	2,016,924
Charges for services	-	-	-	31,126
Investment earnings	1,645	6,958	60,448	81,516
Miscellaneous	-	-	-	40,918
Total revenues	1,645	206,958	60,448	3,779,560
EXPENDITURES				
Current:				
General government	-	-	-	337,264
Public safety:				
Police	-	-	-	1,302,671
Development services	-	-	-	312,700
Municipal court	-	-	-	60,304
Parks and recreation	-	-	-	234,343
Debt service:				
Bond issuance cost	-	74,134	-	74,134
Capital outlay	522,918	1,436,942	-	1,959,860
Total expenditures	522,918	1,511,076	-	4,281,276
Excess (deficiency) of revenue over expenditures	(521,273)	(1,304,118)	60,448	(501,716)
OTHER FINANCING SOURCES (USES)				
Long-term debt issuance	-	5,926,056	-	5,926,056
Premium on bonds issued	-	1,148,078	-	1,148,078
Transfer in	-	328,000	400,000	761,675
Transfer out	-	-	(850,000)	(1,211,200)
Total other financing sources (uses)	-	7,402,134	(450,000)	6,624,609
NET CHANGE IN FUND BALANCES	(521,273)	6,098,016	(389,552)	6,122,893
FUND BALANCES - BEGINNING	658,231	1,244,482	2,546,970	8,360,478
FUND BALANCES - ENDING	$ 136,958	$ 7,342,498	$ 2,157,418	$ 14,483,371

BUDGETARY COMPARISON SCHEDULES

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 7,361,912	$ 7,361,912	$ 7,813,871	$ 451,959
Intergovernmental	358,407	358,407	188,970	(169,437)
Investment earnings	10,000	10,000	93,305	83,305
Miscellaneous	-	-	11,227	11,227
Total revenue	7,730,319	7,730,319	8,107,373	377,054
EXPENDITURES				
Debt service:				
Principal	5,656,087	5,656,087	5,596,051	60,036
Interest and other	1,947,748	1,947,748	2,445,647	(497,899)
Total expenditures	7,603,835	7,603,835	8,041,698	(437,863)
Excess (deficiency) of revenues over expenditures	126,484	126,484	65,675	(60,809)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	1,980,000	1,980,000
Premium on issuance of long-term debt	-	-	269,558	269,558
Payment to escrow agent	-	-	(2,202,044)	(2,202,044)
Transfers in	235,564	235,564	235,564	-
Transfers out	(26,300)	(26,300)	(26,300)	-
Total other financing sources (uses)	209,264	209,264	256,778	47,514
NET CHANGE IN FUND BALANCE	335,748	335,748	322,453	(13,295)
FUND BALANCE - BEGINNING	4,737,443	4,737,443	4,737,443	-
FUND BALANCE - ENDING	$ 5,073,191	$ 5,073,191	$ 5,059,896	$(13,295)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGIONAL JAIL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 1,335,000	$ 1,335,000	$ 1,345,000	$ 10,000
Charges for services	25,800	25,800	25,441	(359)
Investment earnings	3,000	3,000	1,525	(1,475)
Miscellaneous	600	600	1,117	517
Total revenues	1,364,400	1,364,400	1,373,083	8,683
EXPENDITURES				
Current:				
Public safety:				
Police	1,383,905	1,383,905	1,226,907	156,998
Total expenditures	1,383,905	1,383,905	1,226,907	156,998
Excess (deficiency) of revenues over expenditures	(19,505)	(19,505)	146,176	165,681
OTHER FINANCING SOURCES (USES)				
Transfers out	(22,000)	(22,000)	(22,000)	-
Total other financing sources (uses)	(22,000)	(22,000)	(22,000)	-
NET CHANGE IN FUND BALANCE	(41,505)	(41,505)	124,176	165,681
FUND BALANCE - BEGINNING	610,505	610,505	610,505	-
FUND BALANCE - ENDING	$ 569,000	$ 569,000	$ 734,681	$ 165,681

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 48,000	$ 48,000	$ 42,956	$(5,044)
Investment earnings	400	400	582	182
Investment earnings	-	-	8,500	8,500
Total revenues	48,400	48,400	52,038	3,638
EXPENDITURES				
Current:				
Public safety-police:				
Municipal court	83,287	83,287	60,304	22,983
Total expenditures	83,287	83,287	60,304	22,983
Excess (deficiency) of revenues over expenditures	(34,887)	(34,887)	(8,266)	26,621
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	30,000	-
Transfers out	(11,200)	(11,200)	(11,200)	-
Total other financing sources (uses)	18,800	18,800	18,800	-
NET CHANGE IN FUND BALANCE	(16,087)	(16,087)	10,534	26,621
FUND BALANCE - BEGINNING	247,085	247,085	247,085	-
FUND BALANCE - ENDING	$ 230,998	$ 230,998	$ 257,619	$ 26,621

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZED ASSETS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 59,000	$ 136,582	$ 201,393	$ 64,811
Investment earnings	350	350	328	(22)
Miscellaneous	-	-	31,301	31,301
Total revenues	59,350	136,932	233,022	96,090
EXPENDITURES				
Current:				
Public safety:				
Police	205,500	283,082	70,075	213,007
Total expenditures	205,500	283,082	70,075	213,007
NET CHANGE IN FUND BALANCE	(146,150)	(146,150)	162,947	309,097
FUND BALANCE - BEGINNING	112,543	112,543	112,543	-
FUND BALANCE - ENDING	$(33,607)	$(33,607)	$ 275,490	$ 309,097

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE GRANTS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 78,019	$ 78,019	$ 24,996	$(53,023)
Total revenues	78,019	78,019	24,996	(53,023)
EXPENDITURES				
Current:				
Public safety:				
Police	11,294	11,294	5,689	5,605
Total expenditures	11,294	11,294	5,689	5,605
Excess (deficiency) of revenues over expenditures	66,725	66,725	19,307	(47,418)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,675	3,675	3,675	-
Total other financing sources (uses)	3,675	3,675	3,675	-
NET CHANGE IN FUND BALANCE	70,400	70,400	22,982	(47,418)
FUND BALANCE - BEGINNING	47,999	47,999	47,999	-
FUND BALANCE - ENDING	$ 118,399	$ 118,399	$ 70,981	$(47,418)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HEALTH FACILITIES DEVELOPMENT CORPORATION FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 200	$ 200	$ 7	$ (193)
Total revenues	200	200	7	(193)
EXPENDITURES				
Current:				
Parks and recreation	100	100	-	100
Total expenditures	100	100	-	100
NET CHANGE IN FUND BALANCE	100	100	7	(93)
FUND BALANCE - BEGINNING	19,205	19,205	19,205	-
FUND BALANCE - ENDING	$ 19,305	$ 19,305	$ 19,212	$ (93)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL OCCUPANCY TAX FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Hotel occupancy tax	$ 750,000	$ 750,000	$ 1,065,522	$ 315,522
Charges for services	8,500	8,500	5,685	(2,815)
Investment earnings	2,000	2,000	9,333	7,333
Total revenues	760,500	760,500	1,080,540	320,040
EXPENDITURES				
Current:				
General government	620,000	620,000	313,610	306,390
Parks and recreation	234,480	234,480	234,343	137
Total expenditures	854,480	854,480	547,953	306,527
NET CHANGE IN FUND BALANCE	(93,980)	(93,980)	532,587	626,567
FUND BALANCE - BEGINNING	2,303,176	2,303,176	2,303,176	-
FUND BALANCE - ENDING	$ 2,209,196	$ 2,209,196	$ 2,835,763	$ 626,567

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOUSING FINANCE CORPORATION FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 750	$ 750	$ -	$ (750)
Total revenues	750	750	-	(750)
EXPENDITURES				
Current:				
General government	40,000	40,000	-	40,000
Total expenditures	40,000	40,000	-	40,000
NET CHANGE IN FUND BALANCE	(39,250)	(39,250)	-	39,250
FUND BALANCE - BEGINNING	119,554	119,554	119,554	-
FUND BALANCE - ENDING	$ 80,304	$ 80,304	$ 119,554	$ 39,250

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
INDUSTRIAL DEVELOPMENT AUTHORITY FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 350	$ 350	$ 12	$(338)
Total revenues	350	350	12	(338)
EXPENDITURES				
Current:				
General government	250	250	-	250
Total expenditures	250	250	-	250
NET CHANGE IN FUND BALANCE	100	100	12	(88)
FUND BALANCE - BEGINNING	30,408	30,408	30,408	-
FUND BALANCE - ENDING	$ 30,508	$ 30,508	$ 30,420	$(88)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 310,782	$ 310,782	$ 245,535	$(65,247)
Investment earnings	100	100	189	89
Total revenues	310,882	310,882	245,724	(65,158)
EXPENDITURES				
Current:				
Development services	310,782	310,782	312,700	(1,918)
Total expenditures	310,782	310,782	312,700	(1,918)
NET CHANGE IN FUND BALANCE	100	100	(66,976)	(67,076)
FUND BALANCE - BEGINNING	70,171	70,171	70,171	-
FUND BALANCE - ENDING	$ 70,271	$ 70,271	$ 3,195	$(67,076)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARKS CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 300	$ 300	$ 489	$ 189
Miscellaneous	10,000	10,000	-	(10,000)
Total revenues	10,300	10,300	489	(9,811)
EXPENDITURES				
Current:				
Parks and recreation	20,000	20,000	-	20,000
Capital outlay	10,000	10,000	-	10,000
Total expenditures	30,000	30,000	-	30,000
Excess (deficiency) of revenues over expenditures	(19,700)	(19,700)	489	20,189
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(328,000)	(328,000)	-
Total other financing sources (uses)	-	(328,000)	(328,000)	-
NET CHANGE IN FUND BALANCE	(19,700)	(347,700)	(327,511)	20,189
FUND BALANCE - BEGINNING	328,151	328,151	328,151	-
FUND BALANCE - ENDING	$ 308,451	$(19,549)	$ 640	$ 20,189

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STREET IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 20,600	$ 20,600	$ 40,105	$ 19,505
Total revenues	20,600	20,600	40,105	19,505
EXPENDITURES				
Debt service:				
Interest and other	50,000	50,000	116,494	(66,494)
Capital outlay	5,454,689	18,005,778	4,365,394	13,640,384
Total expenditures	5,504,689	18,055,778	4,481,888	13,573,890
Excess (deficiency) of revenues over expenditures	(5,484,089)	(18,035,178)	(4,441,783)	13,593,395
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	3,500,000	3,500,000	9,312,361	5,812,361
Premium on issuance of long-term debt	-	-	1,804,133	1,804,133
Transfers in	704,689	704,689	704,689	-
Total other financing sources (uses)	4,204,689	4,204,689	11,821,183	7,616,494
NET CHANGE IN FUND BALANCE	(1,279,400)	(13,830,489)	7,379,400	21,209,889
FUND BALANCE - BEGINNING	7,871,457	7,871,457	7,871,457	-
FUND BALANCE - ENDING	$ 6,592,057	$(5,959,032)	$ 15,250,857	$ 21,209,889

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC FACILITIES CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 500	$ 500	$ 12,238	$ 11,738
Total revenues	500	500	12,238	11,738
EXPENDITURES				
Current:				
General government	-	-	13,598	(13,598)
Capital outlay	1,256,000	4,762,961	383,898	4,379,063
Total expenditures	1,256,000	4,762,961	408,087	4,354,874
Excess (deficiency) of revenues over expenditures	(1,255,500)	(4,762,461)	(395,849)	4,366,612
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	846,583	846,583
Premium on issuance of long-term debt	-	-	164,008	164,008
Transfers in	2,106,000	2,106,000	2,106,000	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	1,106,000	1,106,000	2,116,591	1,010,591
NET CHANGE IN FUND BALANCE	(149,500)	(3,656,461)	1,720,742	5,377,203
FUND BALANCE - BEGINNING	5,762,606	5,762,606	5,762,606	-
FUND BALANCE - ENDING	$ 5,613,106	$ 2,106,145	$ 7,483,348	$ 5,377,203

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIRE STATION BOND PROJECT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 1,645	$ 1,645
Total revenues	-	-	1,645	1,645
EXPENDITURES				
Capital outlay	-	566,791	522,918	43,873
Total expenditures	-	566,791	522,918	43,873
NET CHANGE IN FUND BALANCE	-	(566,791)	(521,273)	45,518
FUND BALANCE - BEGINNING	658,231	658,231	658,231	-
FUND BALANCE - ENDING	$ 658,231	$ 91,440	$ 136,958	$ 45,518

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARK IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 200,000	$ 200,000	$ -
Investment earnings	-	-	6,958	6,958
Total revenues	-	200,000	206,958	6,958
EXPENDITURES				
Debt service:				
Interest and other	-	-	74,134	74,134
Capital outlay	473,199	8,991,739	1,436,942	7,554,797
Total expenditures	473,199	8,991,739	1,511,076	7,628,931
Excess (deficiency) of revenues over expenditures	(473,199)	(8,791,739)	(1,304,118)	7,487,621
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	5,926,056	5,926,056
Premium on issuance of long-term debt	-	-	1,148,078	1,148,078
Transfer In	-	328,000	328,000	-
Total other financing sources (uses)	-	328,000	7,402,134	7,074,134
NET CHANGE IN FUND BALANCE	(473,199)	(8,463,739)	6,098,016	14,561,755
FUND BALANCE - BEGINNING	1,244,482	1,244,482	1,244,482	-
FUND BALANCE - ENDING	$ 771,283	$(7,219,257)	$ 7,342,498	$ 14,561,755

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CITY IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 2,000	$ 2,000	$ 60,448	$ 58,448
Total revenues	2,000	2,000	60,448	58,448
EXPENDITURES				
Capital outlay	200,000	200,000	-	200,000
Total expenditures	200,000	200,000	-	200,000
Excess (deficiency) of revenues over expenditures	(198,000)	(198,000)	60,448	258,448
OTHER FINANCING SOURCES (USES)				
Transfer in	400,000	400,000	400,000	-
Transfer out	(850,000)	(850,000)	(850,000)	-
Total other financing sources (uses)	(450,000)	(450,000)	(450,000)	-
NET CHANGE IN FUND BALANCE	(648,000)	(648,000)	(389,552)	258,448
FUND BALANCE - BEGINNING	2,546,970	2,546,970	2,546,970	-
FUND BALANCE - ENDING	$ 1,898,970	$ 1,898,970	$ 2,157,418	$ 258,448

DISCRETELY PRESENTED COMPONENT UNITS
FUND FINANCIAL STATEMENTS

CITY OF DESOTO, TEXAS

BALANCE SHEETS - DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2021

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation	DeSoto Development Corporation
ASSETS			
Cash and investments	$ 1,278,897	$ -	$ 4,757,684
Taxes receivable	177,308	-	531,923
Notes receivable	-	-	6,059
Total assets	1,456,205	-	5,295,666
LIABILITIES			
Accounts payable	-	-	862
Security deposits	-	-	20,804
Total liabilities	-	-	21,666
FUND BALANCES			
Restricted for:			
Parks and park facilities	1,456,205	-	-
Economic development	-	-	5,274,000
Total fund balances	1,456,205	-	5,274,000
Total liabilities and fund balances	$ 1,456,205	$ -	$ 5,295,666

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation	DeSoto Development Corporation
Total Fund Balances - Component Unit	$ 1,456,205	$ -	$ 5,274,000
Amounts reported for the component unit in the statement of net position are different because:			
Capital assets are used in the component unit are not current financial resources and therefore are not reported in this fund financial statement. These consist of:			
Land	11,250	-	-
Improvements other than buildings, net	1,664,756	-	-
Some debt related deferred outflows of resources and liabilities do not represent current resources or are not due and payable in the current period and are not included in the fund financial statements. These balances consist of:			
Compensated absences	-	-	(9,146)
Accrued interest	(1,406)	-	-
Long-term debt	(330,000)	-	-
Net Position of Component Unit	$ 2,800,805	$ -	$ 5,264,854

CITY OF DESOTO, TEXAS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation	DeSoto Development Corporation
REVENUES			
Sales tax	$ 1,094,794	$ 2,469,426	$ 814,956
Investment earnings	2,810	5,082	3,189
Rent Revenue	-	198,427	165,949
Miscellaneous	-	-	4,000
Total revenues	1,097,604	2,672,935	988,094
EXPENDITURES			
Current:			
Parks and leisure services	223,486	-	-
Economic development	-	812,124	773,571
Debt service:			
Principal	315,000	1,265,000	-
Interest and other charges	26,249	31,234	-
Total expenditures	564,735	2,108,358	773,571
Excess (deficiency) of revenues over expenditures	532,869	564,577	214,523
Special item	-	(5,059,477)	5,059,477
NET CHANGE IN FUND BALANCE	532,869	(4,494,900)	5,274,000
FUND BALANCE - BEGINNING	923,336	4,494,900	-
FUND BALANCE - ENDING	$ 1,456,205	$ -	$ 5,274,000

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation	DeSoto Development Corporation
Net Change in Fund Balances - Component Units	$ 532,869	$(4,494,900)	$ 5,274,000
Amounts reported for the component unit in the statement of activities are are different because:			
The component unit reports bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. The component unit fund reports repayment of bond principal as an expenditures. In contrast, the Statement of Net Position shows this as a reduction of long-term liabilities.			
Repayment of principal on long-term debt	315,000	1,265,000	-
Amortization of premium on debt	-	14,874	-
Amortization of deferred loss on refunding	-	(4,932)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.			
Compensated absences	-	39,244	(9,146)
Changes in Net Position of Component Units	$ 847,869	$(3,180,714)	$ 5,264,854

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

This part of the City of DeSoto's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents Pages

Financial Trends 89 – 98

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 99 – 104

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 105 – 111

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 112 – 116

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 117 – 120

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF DESOTO, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	$ 85,553,558	$ 80,552,505	$ 79,821,001	$ 75,008,168
Restricted	2,762,778	5,011,347	6,171,884	6,848,661
Unrestricted	9,830,512	8,889,050	11,361,795	21,092,761
Total governmental activities net position	$ 98,146,848	$ 94,452,902	$ 97,354,680	$ 102,949,590
Business-type activities				
Net investment in capital assets	$ 57,708,884	$ 55,777,822	$ 53,034,176	$ 52,019,447
Unrestricted	10,933,100	13,095,617	14,439,474	15,159,256
Total business-type activities net position	$ 68,641,984	$ 68,873,439	$ 67,473,650	$ 67,178,703
Primary government				
Net investment in capital assets	$ 143,262,442	$ 136,330,327	$ 132,855,177	$ 127,099,615
Restricted	2,762,778	5,011,347	6,171,884	6,848,661
Unrestricted	20,763,612	21,984,667	25,801,269	36,252,017
Total primary government net position	$ 166,788,832	$ 163,326,341	$ 164,828,330	$ 170,200,293

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ 75,388,877	$ 75,324,298	$ 80,033,283	$ 99,237,824	$ 103,973,012	$ 87,215,789
7,145,838	7,114,045	7,593,680	7,872,714	8,541,615	9,205,940
24,359,405	28,502,199	27,706,164	15,348,727	18,860,369	45,451,902
$ 106,894,120	$ 110,940,542	$ 115,333,127	$ 122,459,265	$ 131,374,996	$ 141,873,631
$ 52,278,918	$ 48,359,679	$ 48,169,097	$ 48,890,037	$ 50,092,001	$ 40,771,402
14,882,299	18,440,994	19,377,215	18,250,922	18,730,823	29,549,241
$ 67,161,217	$ 66,800,673	$ 67,546,312	$ 67,140,959	$ 68,822,824	$ 70,320,643
$ 127,667,795	$ 123,683,977	$ 128,202,380	$ 148,127,861	$ 154,065,013	$ 127,987,191
7,145,838	7,114,045	7,593,680	7,872,714	8,541,615	9,205,940
39,241,704	46,943,193	47,083,379	33,599,649	37,591,192	75,001,143
$ 174,055,337	$ 177,741,215	$ 182,879,439	$ 189,600,224	$ 200,197,820	$ 212,194,274

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	$ 4,562,337	$ 4,054,193	$ 3,689,262	$ 4,472,030
Public safety	17,491,146	17,789,694	18,322,046	15,633,862
Development services	7,312,154	8,878,903	9,201,069	8,860,259
Financial services	926,892	492,164	397,475	215,738
Municipal court	-	456,592	541,705	496,540
Information technology	280,360	306,289	428,672	521,186
Human resources	197,978	246,211	290,303	253,336
Parks and recreation services	3,844,791	3,899,590	3,683,337	3,623,576
Library services	890,239	892,249	919,596	776,904
Interest and other fees	3,391,573	2,634,793	2,453,548	2,807,023
Total governmental activities expenses	38,897,470	39,650,678	39,927,013	37,660,454
Business-type activities:				
Water and wastewater	14,097,518	14,061,689	15,982,382	16,049,932
Drainage	1,427,820	1,970,730	1,594,527	1,155,389
Sanitation	3,246,026	3,695,159	3,795,723	3,843,039
Total business-type activities expenses	18,771,364	19,727,578	21,372,632	21,048,360
Total primary government expenses	$ 57,668,834	$ 59,378,256	$ 61,299,645	$ 58,708,814
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 365,815	$ 618,605	$ 332,066	$ 452,770
Public safety	2,865,010	3,024,624	4,225,010	4,564,521
Development services	823,229	871,691	1,260,957	1,319,083
Financial services	813,009	768,546	-	-
Municipal Court	-	-	-	-
Information technology	62,601	63,068	-	-
Parks and recreation services	-	-	749,215	750,124
Library services	-	-	59,149	44,048
Operating grants and contributions	1,254,754	1,040,029	964,431	1,228,969
Capital grants and contributions	2,450,162	376,468	1,787	1,787
Total governmental activities program revenues	8,634,580	6,763,031	7,592,615	8,361,302
Business-type activities:				
Charges for services:				
Water and wastewater	16,138,436	16,532,417	16,583,747	17,849,524
Drainage	1,458,904	1,488,332	1,483,893	1,501,251
Sanitation	3,428,857	3,848,776	3,954,851	4,003,031
Capital grants and contributions	15,000	137,750	-	-
Total business-type activities program revenues	21,041,197	22,007,275	22,022,491	23,353,806
Total primary government program revenues	$ 29,675,777	$ 28,770,306	$ 29,615,106	$ 31,715,108

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ 6,116,384	$ 3,683,213	$ 5,049,294	$ 4,048,074	$ 4,525,262	$ 6,227,571
19,523,630	20,858,244	19,970,864	21,051,755	22,029,242	22,197,316
9,599,031	9,785,883	10,626,406	9,707,942	10,465,668	10,976,898
461,984	547,209	553,589	1,292,733	1,013,731	1,202,478
574,850	664,332	654,228	778,528	719,132	636,299
767,304	1,032,524	1,183,645	1,677,972	1,667,007	1,651,885
390,706	420,891	543,970	698,423	738,480	625,500
3,994,107	4,402,453	4,374,426	4,717,832	4,483,537	4,438,460
1,017,369	1,055,252	1,046,804	1,348,581	1,306,404	1,269,782
2,352,141	3,138,147	1,797,897	1,805,323	1,600,395	2,063,663
44,797,506	45,588,148	45,801,123	47,127,163	48,548,858	51,289,852
17,589,431	19,002,233	19,439,621	22,201,294	20,549,788	21,336,958
1,232,946	1,220,638	1,187,471	1,269,645	1,262,423	1,109,933
4,035,409	4,316,881	4,522,062	4,810,022	5,460,931	5,743,939
22,857,786	24,539,752	25,149,154	28,280,961	27,273,142	28,190,830
$ 67,655,292	$ 70,127,900	$ 70,950,277	$ 75,408,124	$ 75,822,000	$ 79,480,682
$ 466,958	$ 459,447	$ 454,807	$ 685,093	$ 529,347	$ 427,529
4,193,774	4,053,992	3,942,371	4,304,001	3,931,717	3,394,644
1,268,385	1,407,041	1,395,670	1,090,269	1,496,317	1,979,590
-	-	-	-	-	-
-	-	-	-	167,278	96,017
-	-	-	-	-	-
721,131	698,496	740,252	885,912	619,574	402,820
39,301	36,963	36,095	34,615	20,369	20,855
1,084,583	1,148,587	1,009,861	1,260,717	2,047,972	3,223,484
250,000	250,000	150,000	-	-	-
8,024,132	8,054,526	7,729,056	8,260,607	8,812,574	9,544,939
19,286,512	20,322,951	21,971,318	23,591,911	24,360,415	24,629,050
1,530,199	1,545,804	1,552,846	1,563,225	1,563,672	1,604,123
4,111,474	4,259,301	4,345,350	4,397,161	4,663,367	5,468,707
-	-	-	-	-	-
24,928,185	26,128,056	27,869,514	29,552,297	30,587,454	31,701,880
$ 32,952,317	$ 34,182,582	$ 35,598,570	$ 37,812,904	$ 39,400,028	$ 41,246,819

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Program Revenues				
Net (expense) revenue:				
Governmental activities	$(30,262,890)	$(32,887,647)	$(32,334,398)	$(29,299,152)
Business-type activities	2,269,833	2,279,697	649,859	2,305,446
Total primary government net (expense) revenue	$(27,993,057)	$(30,607,950)	$(31,684,539)	$(26,993,706)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 20,673,781	$ 21,165,572	$ 21,730,242	$ 22,332,142
Sales taxes	5,929,029	6,089,949	6,548,886	8,865,087
Franchise and other taxes	2,835,277	2,846,979	3,024,987	3,177,165
Hotel occupancy	734,528	755,819	790,657	840,967
Unrestricted investment earnings	70,204	74,177	61,157	120,644
Miscellaneous	254,756	207,602	956,711	794,451
Transfers	1,735,102	1,836,131	2,123,536	2,266,818
Total governmental activities	32,232,677	32,976,229	35,236,176	38,397,274
Business-type activities:				
Interest and investment earnings	45,782	68,425	73,888	99,713
Miscellaneous	-	-	-	-
Transfers	(1,735,102)	(1,836,131)	(2,123,536)	(2,266,818)
Total business-type activities	(1,689,320)	(1,767,706)	(2,049,648)	(2,167,105)
Total primary government	30,543,357	31,208,523	33,186,528	36,230,169
Change in Net Position				
Governmental activities	1,969,787	88,582	2,901,778	9,098,122
Business-type activities	580,513	511,991	(1,399,789)	138,341
Total primary government	$ 2,550,300	$ 600,573	$ 1,501,989	$ 9,236,463

Source: City financial statements

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
$(36,773,374)	$(37,533,622)	$(38,072,067)	$(38,866,556)	$(39,736,284)	$(41,744,913)
2,070,399	1,588,304	2,720,360	1,271,336	3,314,312	3,511,050
$(34,702,975)	$(35,945,318)	$(35,351,707)	$ 37,595,220	$(36,421,972)	$(38,233,863)
$ 24,570,117	$ 25,082,533	$ 27,172,987	$ 29,506,876	$ 31,596,309	$ 34,406,476
8,838,202	7,628,513	8,293,142	8,474,803	9,614,011	10,523,359
3,067,237	3,017,636	3,230,330	3,063,055	2,762,423	2,826,229
959,888	903,183	1,057,307	1,041,614	944,971	1,065,522
192,921	302,375	647,466	950,107	1,023,121	611,253
822,302	2,521,996	713,774	832,431	586,382	685,901
2,267,237	2,123,808	2,123,808	2,123,808	2,124,808	2,124,808
40,717,904	41,580,044	43,238,814	45,992,694	48,652,025	52,243,548
107,352	111,460	207,387	447,119	492,361	111,577
-	63,500	-	-	-	-
(2,267,237)	(2,123,808)	(2,123,808)	(2,123,808)	(2,124,808)	(2,124,808)
(2,159,885)	(1,948,848)	(1,916,421)	(1,676,689)	(1,632,447)	(2,013,231)
38,558,019	39,631,196	41,322,393	44,316,005	47,019,578	50,230,317
3,944,530	4,046,422	5,166,747	7,126,138	8,915,741	10,498,635
(89,486)	(360,544)	803,939	(405,353)	1,681,865	1,497,819
$ 3,855,044	$ 3,685,878	$ 5,970,686	$ 6,720,785	$ 10,597,606	$ 11,996,454

CITY OF DESOTO, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2012	2013	2014	2015
General fund:				
Nonspendable:				
Inventories	$ 52,881	$ 45,363	$ 42,754	$ 42,754
Prepaid items	-	-	-	-
Assigned:				
Future healthcare costs	-	-	-	-
Subsequent year's budget	557,178	-	-	-
Unassigned	8,684,056	10,590,898	13,395,310	18,868,052
Total General Fund	9,294,115	10,636,261	13,438,064	18,910,806
All Other Governmental Funds:				
Nonspendable				
Note Receivable	161,673	109,005	57,003	-
Prepaid items	-	-	-	-
Restricted:				
Debt Service	1,603,729	1,655,137	2,532,070	2,829,319
Street Improvements	7,480,942	5,684,787	2,592,811	3,971,537
Public safety	728,475	696,371	922,879	1,275,472
Economic Development	552,351	800,580	1,034,694	1,339,552
Capital projects	35,248	35,248	-	-
Committed:				
Public Health	18,352	18,355	18,370	18,387
Development activities	152,029	277,947	258,979	240,997
Assigned:				
Street Improvements	826,931	115,737	-	-
Capital projects	729,681	528,404	246,994	3,860,287
Total Other Governmental Funds	12,289,411	9,921,571	7,663,800	13,535,551
Total Fund Balances of Governmental Funds	$ 21,583,526	$ 20,557,832	$ 21,101,864	$ 32,446,357

Source: Balance Sheets - Governmental Funds in City's ACFRs.

2016	2017	2018	2019	2020	2021
$ 32,561	$ 39,087	$ 48,487	$ 55,378	$ 54,518	$ 124,364
-	1,000	-	-	-	-
-	-	440,000	440,000	440,000	440,000
-	-	-	-	1,170,690	873,878
20,923,754	23,655,407	24,369,385	27,904,582	31,574,216	39,072,693
20,956,315	23,695,494	24,857,872	28,399,960	33,239,424	40,510,935
438	-	-	-	-	-
-	-	-	-	-	3,003
3,194,715	3,641,392	4,031,605	4,591,081	4,737,443	5,059,896
4,161,565	7,540,075	7,042,971	7,805,773	4,860,992	11,006,470
1,038,550	1,040,401	1,194,604	771,743	905,589	1,063,281
1,628,378	1,426,591	1,526,246	2,022,673	2,415,719	3,108,250
-	-	-	4,513,258	2,336,363	10,165,282
18,435	20,076	20,292	2,617	20,745	20,752
226,523	212,297	193,404	169,762	240,591	153,169
-	-	-	1,987,673	3,010,465	4,244,387
5,867,799	8,799,902	-	6,031,101	8,204,077	7,452,982
16,136,403	22,680,734	14,009,122	27,913,681	26,731,984	42,277,472
$ 37,092,718	$ 46,376,228	$ 38,866,994	$ 56,313,641	$ 59,971,408	$ 82,788,407

CITY OF DESOTO, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2012	2013	2014	2015
Revenues				
Taxes				
Property taxes	$ 20,753,144	$ 21,147,434	$ 21,709,933	$ 22,519,005
Sales taxes	6,423,115	6,089,949	6,548,886	7,721,468
Franchise fees and others	2,692,496	2,877,716	3,024,987	3,138,343
Hotel occupancy	704,045	725,382	790,657	840,967
Property assessments	-	-	-	-
Fines and forfeitures	958,534	998,412	1,520,772	1,651,605
Licenses and permits	823,229	871,691	1,248,422	1,301,283
Intergovernmental	2,072,020	1,867,758	2,261,079	2,395,890
Charges for services	1,921,012	2,189,271	2,283,407	2,621,251
Investment earnings	70,204	74,177	61,157	120,644
Recreation services	796,815	748,099	731,655	731,396
Miscellaneous	156,764	291,392	781,805	327,420
Total Revenues	37,371,378	37,881,281	40,962,760	43,369,272
Expenditures				
Current:				
General government	2,631,101	2,120,838	1,260,101	1,234,143
Public safety	16,591,396	16,917,596	16,493,144	16,873,317
Development services	3,042,163	3,103,786	6,077,682	4,935,865
Financial services	762,721	833,766	330,271	330,494
Municipal court	-	-	525,049	584,523
Information technology	274,064	290,045	402,041	474,937
Human resources	197,010	247,092	288,934	329,166
Parks and recreation	3,222,956	3,077,070	2,882,472	3,130,647
Library services	869,133	875,161	896,324	886,474
Non-departmental	1,386,474	1,423,854	3,084,050	2,922,910
Debt service:				
Principal	4,989,020	5,602,787	4,630,076	4,866,302
Interest and fiscal charges	3,692,322	2,915,788	2,643,073	2,587,579
Capital outlay	3,524,766	3,386,111	3,140,232	2,353,421
Total Expenditures	41,183,126	40,793,894	42,653,449	41,509,778
Excess of revenues over (under) expenditures	(3,811,748)	(2,912,613)	(1,690,689)	1,859,494
Other Financing Sources (Uses)				
Issuance long-term debt	18,040,000	10,375,000	75,000	6,718,947
Premium from bond issuance	-	-	-	-
Other sources	3,220,773	733,159	36,185	500,739
Payment to refund escrow agent	(21,001,274)	(11,161,123)	-	-
Transfer in	3,314,660	4,077,117	3,665,104	2,982,684
Transfer out	(1,579,558)	(2,240,986)	(1,541,568)	(715,866)
Net other financing sources (uses)	1,994,601	1,783,167	2,234,721	9,486,504
Net change in fund balances	$(1,817,147)	$(1,129,446)	$ 544,032	$ 11,345,998
Debt service as a percentage of noncapital expenditures	23.1%	22.8%	19.2%	18.7%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

2016	2017	2018	2019	2020	2021
$ 23,525,948	$ 25,139,231	$ 27,117,831	$ 29,846,532	$ 31,827,759	$ 34,455,440
7,434,323	7,671,052	8,334,059	8,474,803	9,614,011	10,523,359
3,023,812	2,975,097	3,189,413	3,063,055	2,762,423	2,826,229
959,888	903,183	1,057,307	985,335	894,320	1,065,522
-	-	-	-	-	500,598
1,425,402	1,381,768	1,516,509	1,299,390	1,097,047	986,587
1,280,155	1,407,041	1,395,670	1,090,269	1,496,317	1,443,363
2,966,622	3,592,705	2,598,124	3,007,592	3,543,522	4,778,484
2,330,713	2,482,584	2,116,107	2,478,087	2,386,381	1,790,455
192,921	302,375	647,466	950,107	1,023,121	611,253
704,626	683,748	723,686	675,259	308,308	393,522
407,518	554,115	577,728	460,056	586,382	304,351
44,251,928	47,092,899	49,273,900	52,330,485	55,539,591	59,679,163
1,495,396	1,462,675	1,609,394	3,561,331	4,075,592	5,742,889
17,471,592	18,371,592	18,281,537	18,972,443	20,168,011	21,607,172
4,768,473	4,984,007	4,807,031	4,768,678	5,322,335	5,930,499
394,729	455,303	508,146	1,219,243	968,037	1,193,453
553,850	630,332	640,028	716,724	692,443	658,110
621,493	878,203	1,053,838	1,517,262	1,511,155	1,553,672
373,022	392,306	533,957	667,485	715,869	641,503
3,205,034	3,463,275	3,490,816	3,701,599	3,449,045	3,538,819
1,086,062	1,112,442	1,128,874	1,269,195	1,246,043	1,257,768
2,473,767	2,533,268	3,887,533	-	-	-
5,117,121	12,803,125	5,644,653	5,465,847	5,366,709	5,596,051
2,748,066	2,526,036	2,337,157	2,231,028	2,209,350	2,650,197
4,910,606	5,982,739	7,370,715	9,663,995	8,367,123	8,120,293
45,219,211	55,595,303	51,293,679	53,754,830	54,091,712	58,490,426
(967,283)	(8,502,404)	(2,019,779)	(1,424,345)	1,447,879	1,188,737
10,023,977	21,583,025	-	8,395,000	-	18,065,000
-	-	-	618,138	-	3,385,777
62,847	1,054,486	46,300	74,483	85,080	254,721
(6,742,097)	(6,975,233)	-	-	-	(2,202,044)
4,503,599	5,131,533	4,842,955	6,339,150	6,314,431	7,142,236
(2,236,362)	(3,007,725)	(2,719,147)	(4,215,342)	(4,189,623)	(5,017,428)
5,611,964	17,786,086	2,123,808	11,211,429	2,209,888	21,628,262
$ 4,644,681	$ 9,283,682	$ 2,123,808	$ 9,787,084	$ 3,657,767	$ 22,816,999
18.5%	30.9%	18.2%	17.5%	16.6%	16.4%

CITY OF DESOTO, TEXAS **TABLE 5**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

	Real Property			
Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax rate
2012	$ 2,365,056,165	$ 430,430,576	$ 2,795,486,741	0.7574
2013	2,313,596,055	466,342,520	2,779,938,575	0.7574
2014	2,402,889,269	474,468,022	2,877,357,291	0.7574
2015	2,510,330,406	507,665,624	3,017,996,030	0.7574
2016	2,682,537,966	447,907,641	3,130,445,607	0.7499
2017	2,998,752,687	535,052,182	3,533,804,869	0.7449
2018	3,315,801,528	568,601,030	3,884,402,558	0.7399
2019	3,653,591,267	403,677,718	4,057,268,985	0.7214
2020	3,946,379,867	751,698,250	4,698,078,117	0.7016
2021	4,025,313,400	783,797,074	4,809,110,474	0.7016

The estimated actual taxable value equals the total taxable assessed value.
All properties are assessed at 100% of actual taxable value.

Source: Dallas County Tax Office

CITY OF DESOTO, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 ASSESSED VALUE)
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Debt Service Fund	Total	Dallas County & School Equalization	Dallas Parkland Hospital	Dallas County Comm. College
2012	0.50490	0.25250	0.75740	0.25310	0.27100	0.09967
2013	0.51990	0.23750	0.75740	0.25300	0.27100	0.11938
2014	0.53030	0.22710	0.75740	0.25310	0.27600	0.12470
2015	0.53030	0.22710	0.75740	0.25310	0.27600	0.12478
2016	0.52490	0.22500	0.74990	0.25310	0.27600	0.12365
2017	0.53490	0.21000	0.74490	0.25240	0.27900	0.12293
2018	0.54000	0.19990	0.73990	0.25310	0.27900	0.12424
2019	0.55000	0.17139	0.72139	0.25310	0.26950	0.12400
2020	0.55016	0.15139	0.70155	0.24974	0.26661	0.12400
2021	0.55016	0.15139	0.70155	0.23795	0.25500	0.12351

Note: Tax rate is at 100% of market value.

Total City, County, Hospital and College	DeSoto I.S.D.	Total City, County, Hospital, College and DeSoto I.S.D.	Dallas I.S.D.	Total City, County, Hospital, College and Dallas I.S.D.	Duncanville I.S.D.	Total City, County, Hospital, College and Duncanville I.S.D.
1.38117	1.44000	2.82117	1.29035	2.67152	1.41800	2.79917
1.40078	1.44000	2.84078	1.29035	2.69112	1.43000	2.83078
1.41120	1.49000	2.90120	1.28209	2.69329	1.41000	2.82120
1.41128	1.47000	2.88128	1.28209	2.69336	1.41000	2.82128
1.40265	1.46000	2.86265	1.28209	2.68474	1.52950	2.93215
1.39923	1.46000	2.85923	1.28209	2.68132	1.52150	2.92073
1.39624	1.49000	2.88624	1.28209	2.67832	1.52150	2.91774
1.36799	1.52800	2.89599	1.31000	2.67799	1.41800	2.78599
1.34190	1.52909	2.87099	1.29674	2.63864	1.36760	2.70950
1.31801	1.38860	2.70661	1.24824	2.56625	1.31590	2.63391

CITY OF DESOTO, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2012	$ 21,182,362	$ 20,705,884	97.75%	$ 432,649
2013	21,069,288	20,922,192	99.30%	80,145
2014	21,808,320	21,470,787	98.45%	262,330
2015	22,604,400	22,311,366	98.70%	189,317
2016	24,105,582	23,827,722	98.85%	145,564
2017	26,041,869	25,775,037	98.98%	73,777
2018	28,054,990	27,759,374	98.95%	135,787
2019	32,973,522	30,316,827	91.94%	122,228
2020	33,759,923	32,945,456	97.59%	91,663
2021	36,290,396	35,772,193	98.57%	-

Source: City of DeSoto Joint Tax Office and Dallas County Tax Office
* Includes Year to Date Adjustments to the Levy by the Tax Office

Total Collections to Date			
	Amount	% of Levy	Amount Outstanding
$	21,138,533	99.79%	$ 43,829
	21,002,337	99.68%	66,951
	21,733,117	99.66%	75,203
	22,500,683	99.54%	103,717
	23,973,286	99.45%	132,296
	25,848,814	99.26%	193,055
	27,895,161	99.43%	159,829
	30,439,055	92.31%	2,534,467
	33,037,119	97.86%	722,804
	35,772,193	98.57%	518,203

CITY OF DESOTO, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

	2021				
Taxpayer	Taxable Assessed Valuation (1)	Type of Business	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
Solar Turbines	$ 232,639,735	Manufacturing	1	4.84%	28.01%
Kohler Co	150,170,110	Manufacturing	2	3.12%	18.08%
Kohls Department Store	115,370,040	Manufacturing	3	2.40%	13.89%
Lowes Home Centers LLC	76,259,640	Retail	4	1.59%	9.18%
WRH Properties Inc	58,989,200	Apartments	5	1.23%	7.10%
Harvest A Southfield 35 LLC	54,831,820	Manufacturing	6	1.14%	6.60%
HLIT II CTC 3 LP	43,342,020	Manufacturing	7	0.90%	5.22%
DeSoto Apartments Ltd	35,836,040	Apartments	8	0.75%	4.31%
Oncor Electric Delivery Co	32,308,300	Public Utility	9	0.67%	3.89%
Walmart Stores Inc	30,881,060	Retail	10	0.64%	3.72%
McGraw Hill Education		Manufacturing		-	-
DeSoto Ridge Apartments		Apartments		-	-
Cintas Corporation 2		Retail/Uniforms		-	-
WRH Mt Vernon Inc		Apartments		-	-
MaClay Carlin DeSoto LTD		Shopping Center		-	-
Shaw Feddern LP		Senior Living		-	-
Total	$ 830,627,965			17.27%	100.0%

Source: (1) Dallas County Appraisal District

2012			
Taxable Assessed Valuation (1)	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
$ 172,922,930	1	6.19%	42.92%
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
19,600,000	5	0.70%	4.86%
22,813,970	4	0.82%	5.66%
33,051,830	3	1.18%	8.21%
82,743,060	2	2.96%	20.54%
15,725,000	6	0.56%	3.90%
14,973,440	7	0.54%	3.72%
14,057,990	8	0.50%	3.49%
13,930,660	9	0.50%	3.46%
13,095,430	10	0.47%	3.24%
$ 402,914,310		14.42%	100.00%

CITY OF DESOTO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities	
Fiscal Year	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Capital Lease Obligations	General Obligation Bonds	Certificates of Obligation
2012	$ 54,005,759	$ 15,865,000	$ 678,926	$ 410,089	$ 708,576	$ 14,985,000
2013	53,121,252	14,927,710	459,346	308,020	3,762,502	15,363,753
2014	45,570,481	14,180,000	233,105	336,990	2,944,519	14,550,000
2015	44,332,817	15,535,000	-	770,403	2,847,183	13,870,000
2016	45,500,391	13,730,000	-	636,436	2,814,609	12,565,000
2017	55,299,716	9,172,713	-	1,539,718	5,432,098	10,467,913
2018	50,472,563	8,090,138	-	1,321,865	5,076,488	9,731,805
2019	50,196,463	11,655,000	-	1,097,474	5,071,116	13,910,000
2020	44,831,002	11,310,000	-	925,765	4,482,078	13,190,000
2021	39,462,161	29,381,192	-	749,678	10,580,780	14,747,509

Source: Personal income and population data can be found in demographic and economic statistics table.

	Total Primary Government	Percentage of Personal Income	Per Capita
$	86,653,350	5.80%	1,767
	87,942,583	5.65%	1,721
	77,815,095	4.96%	1,511
	77,355,403	4.89%	1,489
	75,246,436	4.70%	1,431
	81,912,158	5.06%	1,542
	74,692,859	4.58%	1,394
	81,930,053	4.90%	1,457
	74,738,845	4.33%	1,263
	94,921,320	5.80%	1,691

CITY OF DESOTO, TEXAS **TABLE 10**

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Total Bonded Debt (1)	Less Debt Services Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2012	49,047	$ 2,779,938,575	$ 85,564,335	$ 1,603,730	$ 83,960,605	3.02%	1,712
2013	51,102	2,877,357,291	87,175,217	1,655,136	85,520,081	2.97%	1,674
2014	51,483	3,017,996,030	77,245,000	2,532,070	74,712,930	2.48%	1,451
2015	51,934	3130445607	76,585,000	2,820,786	73,764,214	2.36%	1,420
2016	52,586	3,533,804,869	74,610,000	3,194,715	71,415,285	2.02%	1,358
2017	53,128	3,533,804,869	80,372,440	3,641,392	76,731,048	2.17%	1,444
2018	53,568	3,884,402,558	73,370,994	4,031,605	69,339,389	1.79%	1,294
2019	56,224	4,057,268,985	73,813,080	4,581,544	69,231,536	1.47%	1,231
2020	59,159	4,698,078,117	74,738,845	4,737,443	70,001,402	1.49%	1,183
2021	56,145	4,809,110,474	94,171,642	5,034,409	89,137,233	1.85%	1,588

(1) Includes all long-term certificates of obligation and general obligation debt.

CITY OF DESOTO, TEXAS **TABLE 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2021

Taxing Jurisdiction	Total Tax Supported Debt (1)	Overlapping Percent Applicable	Overlapping Amount
Overlapping Debt			
DeSoto Independent School District	$ 131,373,151	82.79%	$ 108,763,832
Dallas County	130,445,000	1.62%	2,113,209
Dallas County Schools	27,204,352	1.62%	440,711
Dallas Independent School District	3,110,910,000	0.84%	26,131,644
Dallas County Community College District	135,375,000	1.62%	2,193,075
Dallas County Hospital District	622,000,000	1.62%	10,076,400
Duncanville Independent School District	197,615,000	6.39%	12,627,599
Total Overlapping Debt			162,346,469
City Direct Debt (Governmental Activities)	68,843,353	100.00%	68,843,353
Total Direct and Overlapping Debt			$ 231,189,822
Population			56,145
Ratio of direct and overlapping bonded debt to taxable assessed value			4.81%
Per Capita Debt-Direct and Overlapping Debt			$ 4,118

Source - First Southwest Company
(1) Includes general obligation bonds and certificates of obligation.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Texas City, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

CITY OF DESOTO, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN
(UNAUDITED)

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Total Assessed Value	$ 4,809,110,474	$ 4,698,078,117	$ 4,057,268,985	$ 3,884,402,558
Debt limit - (10%) of total assessed value	480,911,047	469,807,812	405,726,899	388,440,256
Amount of debt applicable to debt limit:				
Total bonded debt (including special assessment bonds)	94,921,320	74,738,845	73,813,080	73,370,994
Less: assets in debt service funds available for payment of principal	5,034,409	4,737,443	4,581,544	4,031,605
Total amount of debt applicable to debt limit	89,886,911	70,001,402	69,231,536	69,339,389
Legal Debt Margin	$ 391,024,136	$ 399,806,410	$ 336,495,363	$ 319,100,867
Ratio of outstanding net debt to the debt limit	19%	15%	17%	18%

Note: City's Debt Management Policy, Version 4, Section 9.0, adopted by the City Council April 7, 2015.
"The total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten (10) percent of the total assessed valuation of the City's tax rolls."

TABLE 12

2017	2016	2015	2014	2013	2012
$ 3,533,804,869	$ 3,130,445,607	$ 3,017,996,030	$ 2,877,357,291	$ 2,779,938,575	$ 2,795,486,741
353,380,487	313,044,561	301,799,603	287,735,729	277,993,858	279,548,674
80,372,440	74,610,000	76,585,000	77,245,000	87,175,217	85,564,335
3,641,392	3,194,715	2,820,786	2,532,070	1,655,136	1,603,730
76,731,048	71,415,285	73,764,214	74,712,930	85,520,081	83,960,605
$ 276,649,439	$ 241,629,276	$ 228,035,389	$ 213,022,799	$ 192,473,777	$ 195,588,069
22%	23%	24%	26%	31%	30%

CITY OF DESOTO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	Population	Estimated Median Family Household Income (1)	Personal Income* (2)	Per Capita Personal Income*	Median Age
2012	49,047	$ 58,711	$ 1,494,805	$ 30	38.2
2013	51,102	59,003	1,557,436	30	37.8
2014	51,483	60,945	1,569,047	30	36.1
2015	51,934	56,911	1,582,793	30	36.1
2016	52,586	60,945	1,599,616	30	36.1
2017	53,128	66,860	1,619,182	30	37
2018	53,568	64,575	1,632,592	30	36.1
2019	56,224	66,986	1,673,676	30	39.6
2020	59,159	71,496	1,725,668	29	37.09
2021	56,145	71,578	1,637,750	32	38.9

Education level in Years of Schooling	School Enrollment (3)	Unemployment Rate (4)
High School + 2 Years	8,972	7.3%
High School + 2 Years	9,177	7.0%
High School + 2 Years	9,200	5.8%
High School + 2 Years	9,600	4.0%
High School + 2 Years	9,872	3.5%
High School + 2 Years	9,742	4.7%
High School + 2 Years	8,971	5.2%
High School + 2 Years	8,716	4.3%
High School + 2 Years	8,500	4.4%
High School + 2 Years	8,700	4.4%

CITY OF DESOTO, TEXAS

PRINCIPAL EMPLOYERS
(UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

	2021			2012		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
DeSoto ISD	1,095	1	21.58%	924	1	30.05%
Kohl's e-Commerce	800	2	15.77%	-	-	-
Solar Turbines	440	3	8.67%	400	2	13.01%
City of DeSoto	391	4	7.71%	356	3	11.58%
Williamsburg Village	350	5	6.90%	210	7	6.83%
Wal Mart Distribution	350	6	6.90%	240	6	7.80%
GlasFloss Industries	300	7	5.91%	-	-	-
Marten Transport	250	8	4.93%	300	4	9.76%
Hickory Trail Hospital	184	9	3.63%	-	-	-
The Cedars	184	10	3.63%	-	-	-
Cintas	158	11	3.11%	-	-	-
DW Distribution	150	12	2.96%	-	-	-
Vibra Hospital	110	13	2.17%	-	-	-
Kroger	112	14	2.21%	125	10	4.06%
Park Manor	100	15	1.97%	-	-	-
Tom Thumb	100	16	1.95%	150	8	4.88%
DIAB	-	-	-	244	5	7.93%
Albertson's	-	-	-	126	9	4.10%
Total	5,074		100.00%	3,075		100.00%

CITY OF DESOTO, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of Sept 30:

	2021	2020	2019	2018
Function/Program				
Governmental Activities:				
General Government	10	13	13	11
Public Safety	190	193	154	189
Development Services	21	23	31	30
Parks and Recreation Services	19	19	21	28
Finance	8	8	10	10
Municipal Court*	8	7	7	6
Library	9	10	11	9
Human Resources	5	5	5	5
Information Technology	7	7	7	6
Water & Sewer	34	34	31	22
Drainage	4	4	5	5
Sanitation	5	5	6	5
Total	320	328	301	326
Population	56,145	59,159	56,224	53,568
Staff per 1,000 population	5.70	5.54	5.35	6.09

* Formerly categorized with Financial Services.

Source: City of DeSoto Human Resource Department

TABLE 15

2017	2016	2015	2014	2013	2012
11	10	10	10	10	11
205	207	193	184	188	196
32	29	27	27	25	25
26	35	34	34	36	28
9	9	9	9	15	11
7	7	7	6	6	6
8	8	15	15	15	12
5	4	5	4	3	3
5	3	4	3	2	2
26	30	31	31	30	28
5	5	5	5	5	1
5	5	5	5	5	5
344	352	345	333	340	328
53,128	52,586	51,934	51,483	51,102	49,047
6.47	6.69	6.64	6.47	6.65	6.69

CITY OF DESOTO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Function/Program	2021	2020	2019	2018
General government				
Number of public information requests processed	716	671	618	403
Public safety				
Number of youth outreach programs held	-	10	10	5
Number of senior citizen symposiums held	1	1	1	1
Number of citizen police academics per year	1	4	4	1
Fire code inspections completed	1,020	1,053	1,857	1,430
Development services				
Traffic signal inspections	36	36	76	36
Parks and leisure services				
Total fitness facility memberships	5,338	4,360	4,147	3,215
Total swimming pool attendance	-	-	17,591	16,257
Library				
Total children's' story time programs	-	88	116	134
Human resources				
Number of salary surveys completed	51	40	24	47
Finance				
Municipal court cases filed	4,879	6,691	7,747	8,088
Information technology				
Number of City computers replaced annually	91	95	74	67
Water and sewer				
Number of touch read meters changed out	488	1,497	1,497	1,604
Number of meters read monthly	17,800	17,561	17,561	17,740
Drainage				
Number of easements acquired for project construction	-	-	-	-
Sanitation				
Number of existing intersection landscapes renovated annually	24	23	24	18

Source: Information provided by the head of each department

2017	2016	2015	2014	2013	2012
469	503	386	392	267	2,320
5	5	5	2	1	9
1	1	1	1	13	1
1	1	1	1	1	2
1,477	1,433	389	235	463	756
36	68	68	34	204	68
2,128	4,017	1,139	4,433	4,519	6,347
18,624	16,699	17,723	15,817	16,461	16,474
55	69	63	61	51	57
51	40	25	21	28	24
9,425	10,101	10,077	12,371	9,157	9,105
94	61	24	58	52	82
1,692	1,740	1,580	4,224	457	1,002
17,570	17,387	17,254	17,484	16,903	15,480
6	7	-	-	-	3
6	18	4	17	2	6

CITY OF DESOTO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Function/Program	2021	2020	2019	2018
Public safety				
Police stations	1	1	1	1
Fire stations	3	3	3	3
Development services				
Lane Miles of streets	495	495	495	495
Miles of alleys	90	90	90	90
Traffic signals	17	17	17	17
Parks and recreation				
Number of parks	19	19	19	19
Civic centers	1	1	1	1
Swimming pools	1	1	1	1
Theater playhouses	1	1	1	1
Library				
Number of libraries	1	1	1	1
Water and sewer				
Water pumping capacity	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
Elevated water storage	5mg.	5mg.	5mg.	5mg.
Ground storage	13mg.	13mg.	13mg.	13mg.

2017	2016	2015	2014	2013	2012
1	1	1	1	1	1
3	3	3	3	3	3
495	495	495	493	482	478
90	90	90	90	90	77
17	17	17	17	17	17
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
5mg.	5mg.	5mg.	5mg.	5mg.	5mg.
13mg.	13mg.	13mg.	13mg.	13mg.	13mg.